

# SAFE Mortgage Loan Originator Test National Component Content Outline

\*\*PLEASE READ CAREFULLY\*\*

## Legislative Updates

Legislative changes may occur throughout the test administration cycle. Candidates should answer test questions based on the current statutes, regulations and rules.

Candidates are responsible for keeping abreast of changes made to the applicable statutes, regulations and rules regardless of whether they appear on this outline or the test. The outline is not intended to list every aspect of a topic mentioned. Although the test items are developed from these categories, each topic is not necessarily tested on each examination.

## STRUCTURE OF THE SAFE MLO Test

The test consists of 125 multiple-choice items (115 scored test questions; 10 unscored test questions), which are distributed among the five major content areas listed in the table below. References can be found at the top of page 17.

Content Area	Percentage of Test
Federal Mortgage-Related Laws	23%
General Mortgage Knowledge	23%
Mortgage Loan Origination Activities	25%
Ethics	16%
Uniform State Content	13%

### I. Federal Mortgage-Related Laws (23%)

#### A. Real Estate Settlement Procedures Act (RESPA), 12 CFR Part 1024 (Regulation X)

##### 1. Subtopics

- a. RESPA origins and purpose
- b. Definition of “mortgage broker”
- c. Knowledge of the prohibitions, limitations and exemptions set by RESPA
- d. Types of loans to which RESPA is applicable
- e. Settlement services
- f. Required disclosures to the customer for an MLO who is also a broker
- g. Bona fide discount points and application during a mortgage loan origination
- h. Required information from a borrower that must be included on an application

##### (Regulation X)

- i. Knowledge of third party settlement service providers
- j. Overview of the foreclosure process
- k. Initial escrow statements
- l. Changes that can be made to the HUD-1/Good Faith Estimate
- m. Issuing a Good Faith Estimate when not all information has been provided

#### Equal Credit Opportunity Act (ECOA), 12 CFR Part 1002 (Regulation B)

##### 1. Subtopics

- a. Factors that cannot be used to discriminate
- b. Notifying borrower of action taken

- c. General permissible acts under the Equal Credit Opportunity Act
- d. Circumstances when it is acceptable to deny credit/loan
- e. Components of a “notice of adverse action”
- f. Definition of “adverse action”
- g. General provisions of Regulation B
- h. Exceptions to providing the appraisal report
- i. “Prohibited Factors”
- j. Required disclosures when an application is denied
- k. Acceptable terms used to describe marital status
- l. Adverse action notice, including when multiple applicants/guarantors are on the loan request
- m. Definition of “elderly”
- n. “Disparate treatment” scenarios
- o. Record retention timelines
- p. Requirement for a co-signer
- q. Factors considered when determining creditworthiness
- r. Types of acceptable income considered in a loan review
- s. Requests for missing application information
- t. Adverse action scenarios
- u. Information required on a loan application
- v. Adverse action characteristics
- w. Timeframe for sending an adverse action to an applicant
- x. Actions an MLO should take when a borrower refuses to provide ethnic, race or gender information

C. Truth-in-Lending Act (TILA), 12 CFR Part 1026 (Regulation Z)1. Subtopics

- a. “Notice of right to rescind”
  - b. Permissible fees and finance charges
  - c. Advertisement requirements
  - d. Knowledge of the core concepts of the Truth-in-Lending Act
  - e. Total points and fee threshold
  - f. Definition of “finance charge”
  - g. Definition of “annual percentage rate”
  - h. Loans covered by the Truth-in-Lending Act
  - i. Definition of “business day”
  - j. Permissible annual percentage rate tolerances
  - k. Definition of “dwelling”
  - l. Definition of “residential mortgage loan”
  - m. Definition of “business day” in a mortgage rescission
  - n. Record retention timeframes
  - o. Classifying “seller contributions”
  - p. Refinancing scenarios with rights to rescind certain types of transactions
2. Home Ownership and Equity Protection Act, High-Cost Mortgages, HOEPA Section 32, 12 CFR 1026
- a. Minimum term for a balloon payment
  - b. Examples of “covered loans”
  - c. What is allowed under HOEPA
  - d. Limitations on broker fees
  - e. Entity that enforces HOEPA
  - f. Types of loans/lines of credit subject to HOEPA

3. Higher Priced Mortgage Loans (12 CFR 1026.35)
  - a. Definition of “high priced/cost mortgage”
  - b. Prohibitions within “high priced” mortgages
  - c. Refinance mortgage loans
4. Loan Originator Compensation (12 CFR 1026.36(d))
  - a. MLO compensation basis
  - b. The rules for who may compensate an MLO

D. TILA-RESPA Integrated Disclosure Rule (TRID) (a.k.a. “Know Before You Owe”)

1. Subtopics
  - a. Prohibitions on discrimination
  - b. Disclosure timeframes
  - c. Section on disclosure where origination charges are reflected
  - d. Affiliated Business Disclosure Special Information Booklet
  - e. Borrower information included on Regulation Z
  - f. Record retention
  - g. Required disclosures
  - h. Timing of disclosures provided to an applicant
  - i. Types of permissible fees and finance charges
  - j. Circumstances under which a Loan Estimate may be amended
  - k. General information about the TILA-RESPA Disclosure Rule
  - l. Examples of “change of circumstance”
  - m. Borrower information that is included on an application
  - n. Information that must be disclosed to consumers upon request
  - o. Explanation of an annual percentage rate
  - p. Party required to provide the Loan Estimate
  - q. Types of loans covered under TILA
  - r. Actions an MLO must take when there is incomplete information on a TRID disclosure s. Scenario violations of TRID
  - t. A borrower’s right to rescission
  - u. Definition of loan consummation
  - v. Information that must be disclosed on a Loan Estimate
  - w. Facts about Loan Estimate
  - x. Informing a borrower of other loan considerations
  - y. Charges/fees disclosed
  - z. Information included on a Closing Disclosure
    - aa. Information that must be disclosed in an annual escrow statement
    - bb. Acceleration definition
    - cc. The right to receive an appraisal report

E. Other Federal Laws and Guidelines

1. Home Mortgage Disclosure Act (HMDA), 12 CFR Part 1003 (Regulation C)
  - a. Mortgages in reportable data
  - b. HMDA definition of “dwelling”
  - c. Information included in borrower data
  - d. Information that a borrower must include on an application
  - e. Information about which an MLO should not inquire
  - f. Information provided by the borrower regarding the right of refusal
2. Fair Credit Reporting Act (FCRA)/Fair and Accurate Credit Transactions Act (FACTA) 15 USC § 1681 et seq.

- a. Definition of a “fraud alert”
  - b. Information included in a “consumer report”
  - c. Permissible times when a credit report may be accessed
  - d. Requirement to develop policies and procedures regarding identity theft
  - e. Definition of “creditor”
  - f. Information included in a FACTA disclosure
  - g. Length of time a bankruptcy will show on a credit history
  - h. Credit score evaluation methods
3. FTC Red Flag rules, 16 CFR Part 681
- a. Parties subject to “red flag” rules
  - b. Enforcement authority for “red flag” rules
4. Bank Secrecy Act/Anti-Money Laundering (BSA/AML)
- a. Requirement that companies protect consumer information
  - b. Facts about Suspicious Activity Reports (SARs)
  - c. Circumstances that require filing a SAR
  - d. SAR privacy requirements
5. Gramm-Leach-Bliley Act (GLB) – Privacy, FTC Safeguard Rules and Do-Not-Call
- a. Non-public information regarding a customer
  - b. Permissible use of non-public information regarding a customer
  - c. Purpose of Act
  - d. Requirement for written privacy policy disclosures
  - e. Acceptable delivery methods for a privacy notice
  - f. Permissible hours for telephone calls
  - g. Written policies for maintaining Do-Not-Call lists
  - h. Precautions to protect customer information
  - i. Purpose of the National Do-Not-Call Registry
  - j. Permissible solicitation scenarios
  - k. Do-Not-Call request
  - l. Retention of information after a solicitation
6. Mortgage Acts and Practices – Advertising, 12 CFR Part 1014 (Regulation N)
- a. Advertisements referring to specific credit terms
  - b. Length of time required to retain advertisements
  - c. Information required to be included in an advertisement
  - d. Triggering terms that require additional disclosure
  - e. Violations of the Act
7. Electronic Signature in Global and National Commerce Act (E-SIGN Act)
- a. Required E-SIGN disclosures
  - b. Borrower’s consent regarding access to information in electronic format
  - c. Requirements for maintaining records in electronic format
  - d. Ways to verify a borrower’s identity
8. USA PATRIOT Act
- a. Primary purpose of the Act
  - b. Major functions of the Act
  - c. Confidential nature of filing reports
  - d. Ways to verify a borrower’s identity
  - e. Parties subject to the Act

- f. Requirement to have a Customer Identification Program in place and verifying the identities of borrowers
- 9. Homeowners' Protection Act (Private Mortgage Insurance (PMI) Cancellation Act)
  - a. Major functions of the Act
  - b. Documents that must be provided to a borrower at loan consummation
- 10. Dodd-Frank Act
  - a. Re-financing situations
  - b. Law oversight over TRID
  - c. Independent appraisal requirements

#### F. Regulatory authority

- 1. Consumer Financial Protection Bureau (CFPB)
  - a. Federal oversight of the CFPB
  - b. Functions performed by the CFPB
  - c. CFPB oversight authority
  - d. Filing complaints with CFPB
- 2. Department of Housing and Urban Development (HUD)
  - a. Primary function of HUD
  - b. Programs offered by HUD
  - c. Number of housing agencies required to be listed on the housing counseling disclosure
  - d. Types of loans that trigger the requirement for a counseling agency to consult with borrower
  - e. Entities that HUD oversees
  - f. Fair Housing Law Protections (e.g., health status, etc.)

## II. General Mortgage Knowledge (23%)

### A. Qualified and Non-Qualified Mortgage programs 1.

#### Subtopics

- a. Features of a "qualified mortgage"
- b. Allowable points and fees for qualified mortgages
- c. Information used to determine whether a loan is "qualified"
- d. Annual percentage rates that make a mortgage "qualified"
- e. Categories of qualified mortgages
- 2. Conventional/conforming (e.g., Fannie Mae, Freddie Mac)
  - a. Responsibilities of Fannie Mae
  - b. Limits on closing cost concessions
  - c. Fee charges on loans with certain risk characteristics
  - d. Fannie Mae/Freddie Mac's automated underwriting systems
  - e. Requirements when purchasing a non-owner occupied rental property
  - f. Acceptable down payment amounts
  - g. Hazard insurance requirements
  - h. Pre-payment requirements
- 3. Government (e.g., FHA, VA, USDA)
  - a. Definition of "FHA Mortgage"
  - b. Facts about FHA loans
  - c. Definition of "FHA"

- d. Facts about VA loans
  - e. Prohibition on mortgage insurance
  - f. FHA interest rate calculation scenarios
  - g. Types of government guarantors
  - h. Definition of “entitlement”
  - i. Certificate eligibility requirement
  - j. Acceptable funds for a down payment/closing costs
  - k. Properties eligible for FHA purchase transactions
  - l. FHA loan limits
  - m. VA funding fees
  - n. Upfront mortgage insurance premiums
  - o. Residual income qualification test
  - p. Required documentation
  - q. Monthly mortgage insurance payment scenarios
  - r. Minimum down payment for an FHA loan
4. Conventional/nonconforming (e.g., Jumbo, Alt-A)
- a. Facts on “jumbo loans”
  - b. Definition of “non-conforming” loan
  - c. Examples of “non-traditional loans”
  - d. Requirements for an escrow account associated with a “high priced loan”
  - e. Requirements for an escrow account associated with a “high cost loan”
  - f. Statement on Subprime Lending
    - i. Definition of “payment shock”
    - ii. Definition of “subprime”
    - iii. Characteristics of ARM loans
    - iv. Definition of a debt-to-income ratio assessment
    - v. Examples of credit risk characteristics
    - vi. Scenarios to determine when a balloon loan may be appropriate for a borrower
    - vii. Characteristics of subprime borrowers
    - viii. Characteristics of a subprime mortgage
      - a) Stated income loans
      - b) Non-income verifying loans
  - g. Guidance on Nontraditional Mortgage Product Risk
    - i. Characteristics of a non-traditional mortgage loan
    - ii. Risks of non-traditional mortgage products
    - iii. Re-payment capacity of a borrower
    - iv. Identifying the right non-traditional mortgage product for borrowers
    - v. Communications with consumers regarding non-traditional mortgage products
  - h. Non-qualified mortgage (Non-QM)
  - i. Features of a non-qualified mortgage ii. Types of non-qualified mortgages

## B. Mortgage loan products

- 1. Subtopic
  - a. Purchase Money Second Mortgages
- 2. Fixed
  - a. Characteristics of a fixed-rate mortgage
  - b. Comparisons of types of loans (scenarios)
  - c. Situations that affect a fixed-rate mortgage payment

- d. Percentage of pay down required to lessen monthly payments
  - e. Fixed-rate mortgage loan with escrow
3. Adjustable
    - a. Payment options for an adjustable-rate mortgage
    - b. Facts on margin with respect to adjustable-rate mortgages
    - c. Facts on the index with respect to adjustable-rate mortgages
    - d. Definition of “fully indexed rate”
    - e. Examples of adjustable-rate mortgages
    - f. Scenarios resulting in a change in monthly payments
    - g. Facts on ARM loans
    - h. Fully indexed rate scenarios
    - i. Scenarios reflecting payments increasing/decreasing on “change date”
    - j. Timeline for notifying a customer of a rate change
    - k. Factors when determining interest rates
    - l. Calculating a borrower’s monthly payment
  4. Balloon mortgage loan products
    - a. Facts about balloon mortgages
    - b. Types of balloon mortgages
    - c. Lender requirements
    - d. Scenarios to determine when a balloon loan may be appropriate for a borrower
  5. Reverse mortgage
    - a. Facts on reverse mortgages
    - b. Timeline for calculating interest on home equity conversion mortgage loans
    - c. Payments required after closing on a conversion mortgage loan
    - d. Age requirements for conversion mortgages
    - e. Amount of title insurance
    - f. Facts on “construction-to-permanent” financing programs
    - g. Permissible percentage of total equity allowed for withdrawal
    - h. Scenarios that cause the full balance to become due
    - i. Requirements of reverse mortgage advertisements
    - j. Required disclosures
  6. Home Equity Line of Credit (HELOC)
    - a. Examples of open-ended credit loans
    - b. Characteristics of a HELOC
  7. Fundamentals of Construction Mortgages
    - a. Definition of “construction loan”
    - b. Classifying the disclosure of financing by the same creditor when constructing a home
    - c. Required payments on a construction loan
  8. Interest-only Mortgages
    - a. Facts about interest only loans
    - b. Facts on interest only payments
    - c. Facts on interest only mortgages
  9. Other mortgage products

C. Terms used in the mortgage industry

1. Loan terms
  - a. Junior liens
  - b. Subordinate loans
  - c. Escrow accounts
  - d. High priced mortgages
  - e. Table funding
  - f. Rate lock agreement
  - g. Tolerances
  - h. Legal title granted via a mortgage
  - i. Types of mortgages a lender cannot be forced to repurchase
  - j. Facts on liens
  - k. Delinquent loan
  - l. High cost loans
  - m. Early payment default
2. Disclosure terms
  - a. Yield spread premiums
  - b. High interest rates
  - c. Federal mortgage loans
  - d. Qualified mortgage
  - e. Servicing transfers
  - f. Lender credits
3. Financial terms
  - a. Discount points
  - b. 2-1 Buy-down
  - c. Accrued interest
  - d. Loan-to-value ratio
  - e. Settlement
  - f. Finance charges
  - g. Loan discount point
  - h. Debt ratio
  - i. Daily simple interest
  - j. Premium pricing
  - k. Lender credit
4. General terms
  - a. Subordination
  - b. Conveyance
  - c. Cash out refinance
  - d. Pre-paids
  - e. Underwriting
  - f. Secondary market
  - g. Third party providers
  - h. Primary mortgage market
  - i. Non-traditional mortgages
  - j. Consumer credit
  - k. Mortgage lender
  - l. Mortgage investor
  - m. Loan payment collection
  - n. Assumable loan



- o. Examples of origination service
- p. Assigned loan
- q. Payment shock
- r. Annual Percentage Rate (APR)
- s. Average Prime Offer Rate (APOR)

### III. Mortgage Loan Origination Activities (25%)

#### A. Loan Inquiry and Application Process Requirements

1. Subtopics
  - a. Information on Form 1003
  - b. Percentage of bank account assets attributable toward a loan application
  - c. Handling credit report discrepancies
  - d. Acceptable gift donors
  - e. Information provided to a borrower in response to a loan inquiry
2. Loan Inquiry Process
  - a. Required disclosures that must be provided to a borrower in response to a loan inquiry
  - b. Application accuracy and required information on an application (e.g., name, SSN, address of property to be financed, estimated property value, income, loan amount)
  - c. Permissible questions on an application
3. Application Process
  - a. Questions on a Borrower Application
    - i. How MLOs accept loan applications
    - ii. Offering and negotiating the terms of a loan
    - iii. How MLOs manage information on an application
    - iv. Service charges subject to 10% tolerance
  - b. Verification and documentation
    - i. Forms used to authorize the release of information
    - ii. Methods of verifying income and assets
      - a) Percentage of bank account assets attributable toward a loan application
    - iii. Methods of verifying employment
4. Suitability of products and programs
  - a. Reflecting the type of loan on a mortgage application
5. Disclosures
  - a. Subtopics
    - i. Information included in the Truth-in-Lending disclosure
    - ii. Disclosures on Loan Estimates
    - iii. Adjustable-rate mortgage loan disclosures
    - iv. Consumer Handbook on ARMs (CHARM booklet)
    - v. Required disclosures
    - vi. Reverse mortgages
  - b. Accuracy (e.g., tolerances)
    - i. Scenarios and which allowable tolerance
    - ii. Service charges subject to a 10% tolerance
  - c. Timing
    - i. Timing of notification of action taken
    - ii. Timing of early disclosures
    - iii. Loan Estimate

- a) Timeline of when a Loan Estimate must be provided
- b) Expiration of charges and terms in a Loan Estimate
- c) Time from Loan Estimate to loan consummation
- d) Exceptions to providing the Loan Estimate
- e) Reissuing a Loan Estimate
- f) Time period for the delivery of the Affiliated Business Disclosure
- g) Time period for the delivery of the Special Information Booklet (Know Before You Owe)
- h) Timeframe for the consideration for settlement charge before the expiration
- i) Timing of the reissuing Loan Estimates
- j) Timeline of the initial Loan Estimate disclosure
- k) Timing of providing the appraisal report
- l) Timing of tolerance corrections
- iv. Sending a list of counseling services
  - a) Shopping
- v. Valid reasons for a Change in Circumstance
- vi. Delivery Method
  - a) Electronic
  - b) Face-to-Face
  - c) Standard Mail
  - d) Overnight Delivery
- vii. Closing Disclosure
  - a) When applicants are entitled to advance inspection of a closing
  - b) Initial Closing Disclosure
  - c) Timing of Disclosures
  - d) Final Closing Disclosure
  - e) Timeframe of providing an updated closing disclosure
  - f) Definition of a business day for delivery purposes
- viii. Homeownership Counseling Disclosure

## B. Qualification: processing and underwriting

### 1. Borrower analysis

#### a. Assets

- i. Acceptable assets that may be used for a down payment
- ii. Types of asset classifications
- iii. Assets permissible to be used toward reserve funds
- iv. Actions not permitted with respect to Verification of Deposits

- b. Liabilities
  - i. Liabilities listed on a loan application
  - ii. Types of liabilities

#### c. Income

- i. Documentation required for a self-employed applicant
- ii. Utilizing capital gains income on an application
- iii. Types of applicable incomes types for loan qualification
- iv. Social security and/or disability income that may be applied toward a loan analysis or as qualifying income
- v. Documentation of work history and income when there has been an absence in employment over 3 years

- vi. Calculating monthly income
  - d. Credit report
    - i. Information included on a credit report
    - ii. Factors used in determining a credit score
  - e. Qualifying ratios
    - i. Definition of “capacity”
    - ii. Factors when calculating the expense-to-income ratio
    - iii. Loan to value ratios
    - iv. Calculating the debt-to-income ratio
      - a) Calculating the housing to income ratio
      - b) Calculating the total debt ratio
  - f. Ability to Repay
    - i. Factors taken into consideration when reviewing an applicant’s ability to repay a loan
    - ii. Methods of verifying income/assets
    - iii. Determining a borrower’s ability to repay
    - iv. Allowable debt to income ratio at loan consummation
    - v. Safe harbor provisions and scenarios
    - vi. Ability to repay scenarios
  - g. Tangible net benefit
  - h. Occupancy types
  - i. Verification of Deposit scenarios
2. Appraisals
    - a. Purpose of appraisals
    - b. Market approach
    - c. Income approach
    - d. Cost approach
    - e. Market data approach
    - f. Using comparable information to establish values
    - g. Requirement/timeline to inform applicant of the right to receive an appraisal
    - h. Facts on appraisals
    - i. Definition of “appraisal”
    - j. Appraisal requirement with a high-risk mortgage
    - k. Definition of “appraiser”
  3. Title report
    - a. Obtaining title reports
    - b. Timing of title reports and commitments
    - c. Preliminary Title Reports
  4. Insurance
    - a. Flood Insurance
      - i. Flood insurance requirements
      - ii. Designates zones for flood insurance
      - iii. Limits of flood insurance
    - b. Private Mortgage Insurance
      - i. Purpose of private mortgage insurance
      - ii. Benefits of private mortgage insurance
      - iii. Facts on private mortgage insurance and ratios
      - iv. Requirement guidelines to ending private mortgage insurance
      - v. Loan to value ratio that triggers private mortgage insurance

- c. Hazard/Homeowner Insurance
  - i. Forced-placed insurance

### C. Closing

1. Title and title insurance
  - a. Title insurance coverage
  - b. Priority in multiple mortgage scenarios
  - c. Definition of “easement”
  - d. Encumbrances
  - e. Reconveyance
2. Settlement/Closing agent
  - a. Borrower/Seller’s ability to review the HUD-1 Settlement Statement
  - b. Eligible signatures on the security instrument
  - c. Use of a Power of Attorney (POA)
3. Explanation of fees
  - a. Fees/charges listed on HUD-1 Settlement Statement
  - b. Title insurance fees
  - c. Pre-paid fees
  - d. Types of escrow expenses
  - e. Examples of origination fees
  - f. Loan origination fees
4. Explanation of documents
  - a. Required documents at a closing
  - b. Required documents when using a property as collateral
  - c. Note disclosures on a loan
  - d. Assumption clauses
  - e. Providing the escrow analysis statement
5. Funding
  - a. When does a rescission period end?
  - b. Funding regarding rescission periods

### D. Financial calculations used in mortgage lending

1. Periodic interest
  - a. Interest rate calculation scenarios
  - b. General facts
  - c. Interest per diem facts
2. Payments
  - a. Calculation scenarios for mortgage insurance
  - b. Calculation scenarios for interest rates
  - c. Calculation scenarios for monthly payments
  - d. Calculation scenarios for loan amounts
  - e. Effect of escrow on mortgage
  - f. Order of payments and importance of payments to the underwriting of loan
  - g. Closing Disclosure information
3. Down Payment
  - a. Calculating down payment amounts/percentages

4. Loan-to-value ratios
  - a. Loan-to-value ratio calculation scenarios
5. Debt-to-income ratios
  - a. Debt ratio calculation scenarios
  - b. Factors in calculating debt ratios
6. Discount Points: Fixed interest rate buy-downs
  - a. Permanent note
  - b. Definition of “discount point”
  - c. Discount point calculation scenarios
  - d. Purpose of discount points
7. Closing costs and prepaid items
  - a. Closing costs/pre-paid items calculation scenarios
  - b. Hazard insurance collection
8. ARMs (e.g., fully indexed rate)
  - a. Interest rate adjustment calculation scenarios
  - b. Payment adjustment calculation scenarios
9. Qualified Mortgage monthly payment calculations
  - a. Calculating the debt-to-income ratio

#### IV. Ethics (16%)

##### A. Ethical issues

1. Violations of law
  - a. Violations of Graham-Leach-Bliley Act
2. Prohibited acts
  - a. Examples of “redlining”
  - b. Acceptable/non-acceptable practices under RESPA
  - c. Examples of prohibited acts
  - d. Requests for personal information
  - e. Examples of “kickbacks”
  - f. Duties a loan processor may/may not perform
3. Fairness in lending
  - a. Definition of a referral and the required associated disclosures, if necessary
  - b. Coercion scenarios
  - c. Scenarios where the appraiser has a conflict of interest
  - d. Discriminating against an applicant
  - e. Requirement to treat all applicants with the same level of fairness
4. Fraud detection
  - a. Asset fraud
  - b. Red flags on a sales contract
  - c. Application red flags
  - d. Verifying loan application information
  - e. Occupancy fraud
  - f. Income fraud
  - g. General red flags that could represent fraud

- h. Scenarios surrounding a consumer's bank activity
  - i. Scenarios where information is not provided to a borrower
  - j. Employment fraud
  - k. Liability fraud
  - l. Suspicious activity
5. Advertising
    - a. Scenarios where information is misleading within an advertisement
    - b. Bait and switch scenarios
    - c. Performing a due diligence review of advertisements prior to publication
    - d. Scenarios where "unfair, deceptive, or abusive acts" are undertaken
    - e. Examples of lawful advertising
    - f. Types of advertisements that are subject to federal regulations
    - g. Rules surrounding contact (e.g., "Established business relationship")
  6. Predatory lending and steering
    - a. Definition of "steering"
    - b. Scenarios surrounding the proper designations of loans and property types
- B. Ethical behavior related to loan origination activities
1. Financial responsibility
    - a. Permitted fees, payments, and compensation (e.g., Loan Estimate)
    - b. Fees that may not increase due to changed circumstances
    - c. How fees are handled based on the Loan Estimate
    - d. Closing cost scenarios
    - e. Settlement scenarios where monies are missing or misused
    - f. Scenarios surrounding referral fees
    - g. Splitting fees
  2. Handling borrower complaints
  3. Mortgage company compliance
    - a. Acceptable practices when acting on behalf of a lender
    - b. Acceptable practices regarding appraisals
    - c. Scenarios when an MLO discovers material information that should be conveyed to the lender
    - d. Scenarios surrounding the information supplied by employers
    - e. Requirements for MLOs
  4. Relationships with consumers
    - a. Ethical handling of a customer's personal information
    - b. Down payment scenarios
    - c. Interest rate adjustment scenarios
    - d. Power of Attorney (POA) scenarios
    - e. Permissible reasons for requesting a credit report
    - f. Scenarios of notifying the underwriter of a change in the borrower's application or status
    - g. Proper disclosures by MLO if there is a potential conflict of interest
    - h. Scenarios surrounding situations with borrower's and co-borrower's
    - i. Permissible acts regarding the appraisal of a client's property
    - j. Scenarios surrounding situations with borrower's undisclosed income
    - k. Permissible acts after discovering deposits inconsistent with borrower's income included on application

- l. Scenarios involving a gift received by the borrower
  - m. Scenarios of notifying a loan officer if a borrower has applied with other companies for additional mortgages
  - n. Scenarios surrounding a borrower providing information on income
  - o. Cybersecurity scenarios
- 5. Truth in marketing and advertising
    - a. Permissible statements/phrases within an advertisement
  - 6. Borrower education
  - 7. General business ethics
    - a. Scenarios where borrower has provided false information
    - b. Scenarios where borrower is seeking advice
    - c. Scenarios where the MLO is falsifying information on behalf of a borrower
    - d. Providing suitable unsolicited advice to a borrower
    - e. Scenarios where outside parties/individuals to the loan, attempt to obtain information on a loan or about a borrower

## V. Uniform State Content (13%)

### A. SAFE Act and CSBS/AARMR Model State Law

- 1. State mortgage regulatory agencies
  - a. Regulatory authority
    - i. Regulatory power
    - ii. Creation and purpose of the NMLS Registry
    - iii. Frequency of investigations and exams
    - iv. CFPB authority to conduct exams
    - v. Continuing education requirements
    - vi. Unique identifiers for MLOs
    - vii. CFPB penalty limits
    - viii. CFPB Loan Originator Rule
    - ix. Authority of state regulator (e.g., audit)
  - b. Responsibilities and limitations
- 2. Definitions and Documents
  - a. NMLS
  - b. SAFE Act
  - c. Documents to be filed for public record
- 3. License Law and Regulation
  - a. Minimum requirements for state licensing laws
  - b. Persons required to be licensed
    - i. Services conducted by MLOs and the requirement to be licensed
    - ii. Entities required to use MLOs
    - iii. Allowable acts by underwriters
    - iv. Clerical/support duties
    - v. Loan processors
  - c. Business that individuals may/may not conduct without being licensed as an MLO license
    - i. General business
    - ii. Non-profit institutions
    - iii. Business purpose loans (e.g., commercial, non-owner)

- d. Licensee qualifications and application process
    - i. Pre-licensing education requirements
    - ii. Background checks
    - iii. Requirements to becoming an MLO
    - iv. Managing felony charges
    - v. Waiting period for test retakes
    - vi. Sponsorship requirement
    - vii. “MLO” and the requirement to be licensed with a state
  - e. Grounds for denying a license
    - i. Reasons for denying an applicant
  - f. License maintenance
    - i. Continuing education requirements
    - ii. Renewal period
    - iii. License renewal lengths and minimum standards
    - iv. Continuing education courses approvals
    - v. Withholding a record
    - vi. Requirements to retake exam if individual has been absent from industry
    - vii. Requirement to maintain an active license
    - viii. Required continuing education hours completed to renew a license
  - g. NMLS requirements
    - i. Change of employment and updating NMLS
    - ii. Required submissions that applicants must make to the NMLS system
    - iii. Required disclosures to NMLS
    - iv. Requirement to publicly display an NMLS identifier
    - v. Requirement to include the NMLS identifier in certain situations
    - vi. Licensed non-depository employees vs registered depository employees in NMLS
4. Compliance
- a. Authority to examine licensee’s books and records
  - b. Prohibited conduct and practices
    - i. Prohibited acts
    - ii. Requirement to obtain a unique identifier
    - iii. Investigations by state agencies
  - c. Required conduct
    - i. Individual responsible for providing documents during a complaint investigation
    - ii. Required information to be maintained in a loan file
    - iii. Assumable mortgage loan products
    - iv. Penalties assessed for failure to conduct certain duties
    - v. Permissible acts
    - vi. Timeline for submitting books and records to a state regulator
    - vii. General scenarios regarding mortgage loan origination
    - viii. Required information on loan documents
    - ix. Record retention requirements
  - d. Advertising
    - i. Requirement to include NMLS unique ID in advertisements



## National Test Component Reference List

NOTE: The following is a list of the sources used in the development of the National Test Component. It is not intended to be an all-inclusive list, but may be used as a guide in preparing to take the test.

- 12 USC 2601 – REAL ESTATE SETTLEMENT PROCEDURES ACT (RESPA)  
<http://www.federalreserve.gov/boarddocs/supmanual/cch/200601/respa.pdf>
- 12 CFR 1024 – RESPA (REG X) [http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&SID=b26a58aac204931ff0e1f078187bd52&tpl=/ecfrbrowse/Title12/12cfr1024\\_main\\_02.tpl](http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&SID=b26a58aac204931ff0e1f078187bd52&tpl=/ecfrbrowse/Title12/12cfr1024_main_02.tpl)
- 12 CFR 1002 – EQUAL CREDIT OPPORTUNITY ACT - ECOA (REGULATION B) [http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&sid=42e4972f92e85003517c9dc4c0f45d9f&tpl=/ecfrbrowse/Title12/12cfr1002\\_main\\_02.tpl](http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&sid=42e4972f92e85003517c9dc4c0f45d9f&tpl=/ecfrbrowse/Title12/12cfr1002_main_02.tpl)
- 12 CFR 1026 – TRUTH-IN-LENDING ACT (TILA - REG Z)
  - [http://www.ecfr.gov/cgi-bin/textidx?c=ecfr&SID=b26a58aac204931ff0e1f078187bd52&tpl=/ecfrbrowse/Title12/12cfr1026\\_main\\_02.tpl](http://www.ecfr.gov/cgi-bin/textidx?c=ecfr&SID=b26a58aac204931ff0e1f078187bd52&tpl=/ecfrbrowse/Title12/12cfr1026_main_02.tpl)
  - [http://files.consumerfinance.gov/f/201305\\_compliance-guide\\_home-ownership-and-equity-protectionact-rule.pdf](http://files.consumerfinance.gov/f/201305_compliance-guide_home-ownership-and-equity-protectionact-rule.pdf)
  - [http://files.consumerfinance.gov/f/201401\\_cfpb\\_tila-hpml-escrow\\_compliance-guide.pdf](http://files.consumerfinance.gov/f/201401_cfpb_tila-hpml-escrow_compliance-guide.pdf)
  - <http://www.consumerfinance.gov/regulations/loan-originator-compensation-requirements-under-thetruth-in-lending-act-regulation-z/>
- 12 CFR 1024 1026 – INTEGRATED DISCLOSURES UNDER RESPA (Reg X) AND TILA (Reg Z)  
<http://www.consumerfinance.gov/regulatory-implementation/tila-respa/>
- 12 CFR 1003 – HOME MORTGAGE DISCLOSURE (REGULATION C) [http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&sid=5a2687a89ec1dbb103ae7c3c1349c4ce&tpl=/ecfrbrowse/Title12/12cfr1003\\_main\\_02.tpl](http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&sid=5a2687a89ec1dbb103ae7c3c1349c4ce&tpl=/ecfrbrowse/Title12/12cfr1003_main_02.tpl)
- 12 CFR 1022 – FAIR CREDIT REPORTING (REGULATION V) [http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&SID=b26a58aac204931ff0e1f078187bd52&tpl=/ecfrbrowse/Title12/12cfr1022\\_main\\_02.tpl](http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&SID=b26a58aac204931ff0e1f078187bd52&tpl=/ecfrbrowse/Title12/12cfr1022_main_02.tpl)
- 15 USC 1681 et seq. – FAIR CREDIT REPORTING ACT <http://www.ftc.gov/os/statutes/031224fcra.pdf>
- 12 CFR 1016 – PRIVACY OF CONSUMER FINANCIAL INFORMATION (REGULATION P)  
[http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&SID=b26a58aac204931ff0e1f078187bd52&tpl=/ecfrbrowse/Title12/12cfr1016\\_main\\_02.tpl](http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&SID=b26a58aac204931ff0e1f078187bd52&tpl=/ecfrbrowse/Title12/12cfr1016_main_02.tpl)
- 15 USC 6101 et seq. DO NOT CALL – TELEMARKETING AND CONSUMER FRAUD AND ABUSE PREVENTION ACT  
<http://www.ftc.gov/ogc/stat3.shtm>
- 15 USC 6151 – DO NOT CALL
-

<http://www.gpo.gov/fdsys/pkg/USCODE-2010-title15/pdf/USCODE-2010-title15-chap87A-sec6151.pdf>

47 CFR 64.1200 – SUBPART L RESTRICTIONS ON TELEMARKETING, TELEPHONE SOLICITATION AND FACSIMILIE ADVERTISING

<http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&rgn=div6&view=text&node=47:3.0.1.1.11.12&idno=47>

- 16 CFR 310 – TELEMARKETING SALES RULE [http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&SID=f4ce3f73377f7eefc5905eff59b39d1&tpl=/ecfrbrowse/Title16/16cfr310\\_main\\_02.tpl](http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&SID=f4ce3f73377f7eefc5905eff59b39d1&tpl=/ecfrbrowse/Title16/16cfr310_main_02.tpl)
- 16 CFR 313 – Privacy of Consumer Financial Information [http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&SID=f4ce3f73377f7eefc5905eff59b39d1&tpl=/ecfrbrowse/Title16/16cfr313\\_main\\_02.tpl](http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&SID=f4ce3f73377f7eefc5905eff59b39d1&tpl=/ecfrbrowse/Title16/16cfr313_main_02.tpl)
- 16 CFR 681 – IDENTITY THEFT RULES [http://www.ecfr.gov/cgi-bin/text-idx?SID=a4c947bc3f00acae9951494b85c60a3f&mc=true&node=se16.1.681\\_11&rgn=div8](http://www.ecfr.gov/cgi-bin/text-idx?SID=a4c947bc3f00acae9951494b85c60a3f&mc=true&node=se16.1.681_11&rgn=div8)
- 31 CFR 1029.320 – Rules for Loan or Finance Companies (AML Rules) <http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&SID=f4ce3f73377f7eefc5905eff59b39d1&rgn=div8&view=text&node=31:3.1.6.1.13.3.5.4&idno=31>
- 15 USC 6801-6809 – GRAMM-LEACH-BLILEY ACT <http://www.ftc.gov/privacy/glbact/glbsub1.htm>
- 12 CFR 1014 – MORTGAGE ACTS AND PRACTICES - ADVERTISING (REGULATION N) [http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title12/12cfr1014\\_main\\_02.tpl](http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title12/12cfr1014_main_02.tpl)
- USA PATRIOT Act <https://www.fincen.gov/resources/statutes-regulations/usa-patriot-act>
- Homeowners Protection Act <http://uscode.house.gov/view.xhtml?path=/prelim@title12/chapter49&edition=prelim>
- 4506-T – Request for Transcript of Tax Return <http://www.irs.gov/pub/irs-pdf/f4506t.pdf>
- HUD Home Equity Conversion Mortgages (HECM) homepage <http://portal.hud.gov/hudportal/HUD?src=/hudprograms/hecm>
- The Federal Housing Administration (FHA) [http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/housing/fhahistory](http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/fhahistory)
- FHA Mortgage Limits <https://entp.hud.gov/idapp/html/hicostlook.cfm>
- VA Purchase & Cash Out Refinance Home Loans <http://benefits.va.gov/HOMELOANS/purchasecashout.asp?expandable=0&subexpandable=0>
- FHA Handbook 4155.1 [http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/administration/hudclips/handbooks/hsg/4155.1](http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/handbooks/hsg/4155.1)
- FHA Requirements: Mortgage Insurance [http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/housing/comp/premiums/premhome](http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/comp/premiums/premhome)
- Consumer Finance Protection Bureau (CFPB)
-

- <http://www.consumerfinance.gov/regulations/>
- <http://www.consumerfinance.gov/guidance/>

CFPB Ability to Repay and Qualified Mortgage Standards <http://www.consumerfinance.gov/regulations/ability-to-repay-and-qualified-mortgage-standards-under-thetruth-in-lending-act-regulation-z/>

- CFPB: Balloon Loan <http://www.consumerfinance.gov/askcfpb/104/what-is-a-balloon-loan.html> □

CFPB: Construction Loan <http://www.consumerfinance.gov/askcfpb/108/what-is-a-construction-loan.html>

- CFPB: Loan to Value Ratio <http://www.consumerfinance.gov/askcfpb/121/what-is-a-loan-to-value-ratio-and-how-does-it-relate-to-my-costs.html>
- CFPB: Private Mortgage Insurance <http://www.consumerfinance.gov/askcfpb/122/what-is-private-mortgage-insurance-how-does-pmi-work.html>
- CFPB: Interest Rate and APR <http://www.consumerfinance.gov/askcfpb/135/what-is-the-difference-between-an-interest-rate-and-anapr.html>
- CFPB: Discount Points <http://www.consumerfinance.gov/askcfpb/136/what-are-discount-points-or-points.html>
- CFPB: Right to Rescind <http://www.consumerfinance.gov/askcfpb/187/how-long-do-i-have-to-rescind-when-does-the-right-of-rescission-start.html>
- CFPB: Mortgage Payments <http://www.consumerfinance.gov/askcfpb/197/is-there-any-reason-my-mortgage-payment-would-change-over-the-life-of-my-loan.html>
- CFPB: Property or Flood Insurance <http://www.consumerfinance.gov/askcfpb/201/do-i-ever-have-to-buy-property-or-flood-insurance-from-my-lender.html>

□ Consumer Handbook on Adjustable-Rate Mortgages [http://files.consumerfinance.gov/f/201204\\_CFPB\\_ARMs-brochure.pdf](http://files.consumerfinance.gov/f/201204_CFPB_ARMs-brochure.pdf)

□ The Electronic Signatures in Global and National Commerce Act (E-Sign Act) <https://www.law.cornell.edu/uscode/text/15/chapter-96>

□ Fannie Mae

- <http://www.fanniemae.com/portal/about-fm/governance/our-charter.html>
- <https://www.fanniemae.com/singlefamily/loan-limits>
- <https://www.fanniemae.com/content/guide/sel063015.pdf>

□ Federal Financial Institutions Examination Council (FFIEC) - The Detection and Deterrence of Mortgage Fraud Against Financial Institutions [http://www.ffiec.gov/exam/Mtg\\_Fraud\\_wp\\_Feb2010.pdf](http://www.ffiec.gov/exam/Mtg_Fraud_wp_Feb2010.pdf)

□ Freddie Mac <http://www.freddie.com>

□ FTC: Real Estate Marketplace Glossary <http://www.ftc.gov/sites/default/files/documents/one-stops/real-estate-competition/realestateglossary.pdf>

□ CSBS/AARMR Guidance on Nontraditional Mortgage Product Risks [http://www.csbs.org/regulatory/policy/policy-guidelines/Documents/CSBS-AARMR\\_FINAL\\_GUIDANCE.pdf](http://www.csbs.org/regulatory/policy/policy-guidelines/Documents/CSBS-AARMR_FINAL_GUIDANCE.pdf)

□

- Title V – S.A.F.E. Mortgage Licensing Act  
<http://mortgage.nationwidelicencingsystem.org/SAFE/NMLS%20Document%20Library/SAFE-Act.pdf>
- State Model Language for Implementation of Public Law 110-289, Title V—S.A.F.E. Mortgage Licensing Act  
<http://mortgage.nationwidelicencingsystem.org/SAFE/NMLS%20Document%20Library/MSL-Final.pdf>

12 CFR 1008-- S.A.F.E. MORTGAGE LICENSING ACT—STATE COMPLIANCE AND BUREAU  
REGISTRATION SYSTEM (REGULATION H)

<http://www.ecfr.gov/cgi-bin/text->

[idx?c=ecfr&sid=26a32455b3ada0bc6802a9bf26e871e9&tpl=/ecfrbrowse/Title12/12cfr1008\\_main\\_02.tpl](http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&sid=26a32455b3ada0bc6802a9bf26e871e9&tpl=/ecfrbrowse/Title12/12cfr1008_main_02.tpl)

□

# Printable Practice Questions

1. The practice of getting people to sell their homes at bargain prices by suggesting that certain ethnic groups are going to move into the area is nicknamed:

- 1. Price fixing
- 2. Redlining
- 3. Steering
- 4. Blockbusting

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2. You and the borrower believe an Adjustable Rate Mortgage would be best for the borrower. What is the name of the booklet you are required to give?

- 1. CHARM Booklet
- 2. ARM Disclosure
- 3. Fair Lending Practices Booklet
- 4. RESPA Booklet

-----

3. How many days in advance of transferring a loan to another lender must the current mortgage servicer inform that customer of the transfer to another lender who will subsequently be servicing the loan?

- 1. 15
- 2. 20
- 3. 3
- 4. 45

-----

4. After meeting with the borrowers to complete a loan application, you return to your office and order a Tri-Merged credit report. Now that you have a credit report, what Loan Disclosure must you now prepare and mail (or give) to them?

- 1. Notice to Home Loan Applicant
- 2. Credit Authorization Consent
- 3. Denial Letter
- 4. Rapid Rescore

-----

5. In a face-to-face application, what do you do if the borrower refuses to fill out the race, ethnicity and gender section on Section X of the 1003?

- 1. Continue with the loan application, but be sure to get the information completed before submitting the loan to the underwriter.
- 2. Process and complete the loan entirely without the information.

3. Use your best guess and complete the information in Section X of the 1003.
4. End the application process.

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6. Which is not part of the original loan application?

1. Borrower's marital status
2. ECOA disclosure
3. Borrower provided ethnicity
4. Borrower provided birth date

-----

7. Which is not an application disclosure?

1. Servicing disclosure
2. Environmental hazard disclosure
3. Appraisal disclosure
4. APR disclosure

-----

8. How many days prior to this loan transfer does the current mortgage servicer have to inform the customer?

1. 15
2. 20
3. 3
4. 45

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9. What is not likely to happen if the lender/investor finds fraud?

1. A 1% interest rate increase on the loan
2. The lender and/or broker will be required to repurchase the loan
3. The entire loan can be called due and payable
4. The loan officer must pay back any premium made on the loan

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10. What is the maximum penalty for providing false information on a federally related loan?

1. \$5,000 fine and one year jail time
  2. \$250,000 fine and 30 years jail time
  3. Revoke license and \$1,000 fine
  4. Up to \$1,000,000 fine and jail time
-

11. What law requires the lender to collect borrower information for first mortgages and home improvement loans?

1. HOEPA
  2. TILA
  3. ECOA
  4. HMDA
- 

12. HMDA requires the lenders to obtain which of the following information for each borrower?

1. Age and Race
  2. Race and Sex
  3. Marital status and Sex
  4. Marital status and Age
- 

13. Providing a referral fee to a realtor is?

1. An acceptable practice
  2. An illegal practice
  3. An acceptable practice as long as it is a fair price for services actually provided
  4. Acceptable only if fully disclosed
- 

14. What are the penalties for giving a referral fee to a realtor?

1. There are no penalties.
  2. \$10,000 per incident and up to one year in jail
  3. \$100,000 plus up to 30 years in jail
  4. \$1,000,000 plus up to one year in jail
- 

15. What are the penalties for violating Section 8 of RESPA?

1. \$5,000 per incident and up to one year in jail
  2. \$10,000 per incident plus one year jail time
  3. \$100,000 plus up to 30 years in jail
  4. \$1,000,000 plus up to one year in jail
- 

16. Which of the following does RESPA require on a purchase?

1. Lead paint notice
2. A 1008

- 3.APR disclosure
- 4.Settlement cost booklet

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17. Aggregate escrow requires that the borrower have which of the following?

- 1.\$0 in the account or no more than 2 months impounds in reserves
- 2.\$0 in account, or no more than 1 month impound in reserves
- 3.No more than 1% of the principal balance of the loan maximum in the impound account
- 4.\$100 and no impound reserves

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18. What is the minimum amount of time that a lender has to inform the borrower that they are transferring servicing?

- 1.15 days
- 2.45 days
- 3.10 days
- 4.60 days

-----

19. A yield spread premium is disclosed on which document?

- 1.TIL disclosure
- 2.Good faith estimate
- 3.Servicing disclosure
- 4.Rescission disclosure

-----

20. Which is the primary law that affects mortgage loan closings?

- 1.TILA
- 2.ECOA
- 3.RESPA
- 4.HMDA

-----

21. If a loan officer were to take a loan application Tuesday at 1:00 p.m., what is the last day that the good faith estimate must be mailed or disclosed?

- 1.The same day, Tuesday before end of business
- 2.The next day, Wednesday before 5pm
- 3.Friday before midnight
- 4.Within 3 days before 5pm



-----  
22.If you are a seller, it is acceptable to REQUIRE the use of a specific title provider:

- 1.if the requirement pertains to the sellers own policy only.
- 2.if the other service provider is an affiliate.
- 3.as long as you provide the borrower with the appropriate disclosure within three business days of the loan application.
- 4.only if the service provider is licensed.

-----  
23.RESPA imposes requirements about or prohibits all of the following except:

- 1.legal kickbacks and referral fees.
- 2.the loan origination fee.
- 3.the amount of prepaids.
- 4.information that must be disclosed to the borrower at the loan application or within 3 business days of the application.

-----  
24.Regulation Z requires:

- 1.disclosure of the settlement costs to buyers and sellers.
- 2.disclosure of the impound accounts and the prepaids of the borrower(s).
- 3.computation and disclosure of the APR to the borrowers.
- 4.disclosure of servicing information on the loan.

-----  
25.If a borrower and a co-borrower are refinancing a home that they both occupy, at the closing who must receive a copy of the rescission disclosure?

- 1.Both borrowers
- 2.Either borrower or co-borrower
- 3.Neither borrower because it is a refinance
- 4.Neither borrower because it is owner occupied and was already financed

-----  
26.If a loan is a refinance, and the loan is improperly closed and funded in one day with no three day rescission period, how long do the borrowers have to rescind the transaction?

- 1.1 day
- 2.3 days
- 3.1 week
- 4.3 years

-----  
27.What is not included in the APR calculations?

- 1.Mortgage insurance premium
- 2.Origination fee
- 3.Processing fee
- 4.Hazard/Fire insurance premium

-----

28.Regulation B allows all of the following except:

- 1.inquiries about the ages of dependents.
- 2.inquiries about citizenship and residency status.
- 3.inquiring about receiving child support and/or alimony.
- 4.None of the above

-----

29.If an applicant has been denied credit, how long does the lender have to get a letter of adverse action to him/her?

- 1.10 days
- 2.15 days
- 3.30 days
- 4.It is not necessary to send a letter as long as the borrower knew before they applied they had bad credit.

-----

30.If the file is inactive, for borrower non-performance a declination letter must be sent within?

- 1.10 days
- 2.15 days
- 3.30 days
- 4.It is not necessary to send a letter if the file is merely inactive.

-----

31.Define "Business day" under the Truth in Lending Act for the three day right of rescission.

- 1.Monday through Friday, except federally related holidays
- 2.Monday through Saturday, except federally related holidays
- 3.Monday through Saturday except legal public holidays
- 4.Any day the mortgage company is open for "business"

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32.Which property is exempt under RESPA?

- 1.Owner occupied dwellings
- 2.25 acres or more
- 3.Condominiums

4.PUDs and condominiums

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33.A Good Faith Estimate:

- 1.must be within \$500 of the final costs.
  - 2.is an estimate only and is not required to reflect the actual settlement costs.
  - 3.should exhibit a reasonable relationship to the actual final settlement costs.
  - 4.be within \$1,000 of the final costs.
- 

34.If a home is purchased with an FHA owner-occupied loan, what type of FHA refinance can the borrower use to refinance?

- 1.FNHMA
  - 2.USFA
  - 3.IRRRL
  - 4.Streamline
- 

35.Which of the following must be provided to the client on an ARM loan?

- 1.The "Consumer Handbook on Adjustable Rate Mortgages"
  - 2.The "ARM Handbook"
  - 3."When Your Home is on the Line"
  - 4."Your Settlement Costs and You" booklet by HUD
- 

36.The CHARM booklet was prepared by:

- 1.the CFPB.
  - 2.The Dept. of Housing and Urban Development.
  - 3.The Federal Housing Administration.
  - 4.The Federal Reserve Board.
- 

37.When is a loan not subject to RESPA?

- 1.When it's a primary residence
  - 2.When it's a second residence
  - 3.When the property is 25 acres or less
  - 4.When the property will be used for a commercial purpose
- 

38.The following two disclosures are required by RESPA, if applicable:

- 1.1003 and AfBA
- 2.LE and AfBA
- 3.1003 and 1008
- 4.Borrower's Signature Authorization and GFE

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39. What determines whether a property is in a flood zone?

- 1.Flood certification
- 2.Application
- 3.Title search
- 4.Loan Estimate

-----

40.How long is flood insurance required?

- 1.Until the next drought
- 2.For the first 5 years
- 3.For the life of the loan
- 4.Until the LTV is 78% or less

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41.What does HMDA stand for?

- 1.Home Mortgage Disclosure Act
- 2.Home Mortgage Disabilities Act
- 3.Housing Mortgage Disclosure Act
- 4.Home Mortgage Development Association

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42.Which of the following are functions of FACTA? (Select all that apply)

- 1.To improve consumer access to credit information
- 2.To improve resolution of consumer disputes with credit agencies
- 3.To prevent identity theft and restore credit history to victims of identity theft
- 4.All of the above

-----

43.What is the objective of FCRA?

- 1.To assure fairness, relevancy, confidentiality, and accuracy
- 2.To assure all borrowers have no access to credit information
- 3.To make sure that obsolete information cannot be deleted
- 4.Insure that credit reports are never seen by the borrower

-----  
44. Under the FCRA, when must credit reporting agencies delete obsolete information?

1. 1.5 years from the date placed for collection or charged off
2. 10 years from the date opened, except for bankruptcies
3. 7 years from the date of last activity, except for bankruptcies
4. 7 years from the date of last activity including bankruptcies

-----  
45. Which is the only authorized site for obtaining your free credit report?

1. FreeCreditReport.com
2. AnnualCreditReport.com
3. FreeScore.com
4. CreditReport.gov

-----  
46. When is it legal and/or acceptable for the loan originator to provide the consumer with a copy of his/her credit report?

1. Never
2. When the customer pays for it
3. When the customer requests it
4. When contracts with the credit reporting agency do not prohibit it

-----  
47. What is ECOA?

1. Equal Credit Option Administration
2. Environmental Commission Oversight Act
3. Equal Consumer Opportunity Act
4. Equal Credit Opportunity Act

-----  
48. Regulation B does which of the following?

1. Protects a borrower from fraudulent use of their information
2. Requires Upfront Mortgage Insurance on all FHA loans
3. Provides equality in the extension of credit
4. Regulates advertising of APR

-----  
49. Who provides the Annual Escrow Account Disclosure Statement?

1. The Mortgage Loan Originator

- 2.The Broker
- 3.The Title Company
- 4.The Servicing Lender

-----  
50. When is an Affiliated Business Agreement required?

1. Always when there is a co-borrower/affiliate
2. Only purchase loans
3. If an affiliated business is providing services
4. It is no longer required

-----  
51. Which of the following is a purpose of RESPA?

1. To regulate interest rates
2. To monitor high cost loans
3. To eliminate kickback and referral fees
4. To track real estate settlement trends

-----  
52. What is a purpose of the Truth in Lending Act?

1. To enable consumers to compare the cost of credit from lender to lender
2. To keep loan officers honest
3. To prevent kickback and referral fees
4. To oversee commercial lending

-----  
53. Which of the following is acceptable discrimination under ECOA?

1. Race
2. Sex
3. Religion
4. Employment

-----  
54. If an advertisement contains TRIGGER TERMS, what must then be disclosed?

1. APR only
  2. APR and payment amount
  3. Interest rate, term, balance, and APR
  4. Interest rate, closing costs, and APR
-

55. Which of the following is not a prepaid finance charge?

1. Origination fee
2. Discount point
3. Upfront Mortgage Insurance Premium
4. Appraisal fee

-----

56. What is the purpose of HMDA?

1. To detect discriminatory lending
2. To prevent high cost loans
3. To regulate Home Mortgage Appraisals
4. To oversee the FHA

-----

57. Regulation B is affiliated with which act?

1. TILA
2. ECOA
3. HMDA
4. HOEPA

-----

58. ECOA prevents discrimination based on:

1. Income
2. Marital Status
3. Location
4. Employment

-----

59. The practice of denying home financing in certain neighborhoods is called:

1. Redlining
2. Bait and switch
3. Dart boarding
4. Skimming

-----

60. How long must a brokerage owner keep records?

1. 3 years
2. 4 years
3. 5 years

4.7 years

-----  
61. Which of the following is an example of a subprime loan?

- 1.2/28
- 2.3/1
- 3.5/1
- 4.7/1

-----  
62. A 360/180 best describes what type of loan?

- 1. Subprime
- 2. FHA
- 3. Balloon
- 4. ARM

-----  
63. How often must a borrower receive an annual privacy notice according to the GLBA?

- 1. As long as they are customers
- 2. Every 6 months
- 3. Only at closing
- 4. With initial disclosures, then annually for the first 5 years

-----  
64. Who regulates the Do Not Call list?

- 1. USDA
- 2. HUD
- 3. FHA
- 4. Federal Trade Commission

-----  
65. Examples of Red Flags include all of the following except:

- 1. Fraud alert on credit reports
- 2. Documentation which appears altered or forged
- 3. Address discrepancies
- 4. Credit scores

-----  
66. The Patriot Act requires loan originators to:

- 1. check all gift donors against the known terrorist list.



- 2.report suspicious individuals.
- 3.keep records with customer identifying information for years.
- 4.verify citizenship/legal residency before submitting a file to underwriting.

-----

67.Which disclosure is due within 3 business days of application?

- 1.Fair Housing Disclosure
- 2.CD
- 3.ECOA Notice
- 4.Servicing Disclosure

-----

68.What is the penalty for Red Flag non-compliance?

- 1.\$5,000 per incident
- 2.\$2,500 per incident
- 3.\$10,000 per incident
- 4.\$3,500 per incident

-----

69.The fastest permissible closing time under MDIA is:

- 1.3 business days
- 2.5 business days
- 3.7 business days
- 4.10 business days

-----

70.According to MDIA, when must you provide a copy of the appraisal to your borrower?

- 1.3 business days prior to settlement
- 2.At settlement
- 3.1 business day prior to settlement
- 4.Within 90 days after a borrower request for the appraisal

-----

71.The Real Estate Settlement Procedures Act falls under the control of which agency?

- 1.HUD/CFPB
  - 2.Federal Reserve
  - 3.SEC
  - 4.State Regulators
-

72. Which of the following entities oversees MDIA?

1. CFPB
2. HUD
3. State Attorney's General
4. Dept. of Veteran Affairs

-----

73. Which of the following documents itemizes all settlement costs including lender charges?

1. Agreement of sale
2. Closing Disclosure
3. Form 1003
4. Forbearance agreement

-----

74. According to the Truth-in-Lending Act (TILA), the term "refinance" applies to:

1. a change in payment schedule.
2. a reduction of the APR.
3. the renewal of a single payment obligation with no change in the original terms.
4. the satisfaction of an existing obligation and its replacement by a new obligation.

-----

75. Which of the following methods of disclosure does NOT meet the requirements of the Equal Credit Opportunity Act (ECOA)?

1. E-Mail
2. Mailed Letter
3. Telephone
4. Faxed letter

-----

76. RESPA is the acronym for:

1. Real Estate Sales Procurement Act
2. Real Estate Sales Process Act
3. Real Estate Settlement Procedures Act
4. Rights, Equalization, Stabilization and Processing Act

-----

77. HMDA is the acronym for:

1. House and Mortgage Deposit Act.
2. Home Mortgage Discovery Act.

- 3.Home Mortgage and Development Act.
- 4.Home Mortgage Disclosure Act.

-----  
78.FIRREA is the acronym for:

- 1.Financial Institutions Reform, Recovery and Enforcement Act.
- 2.Fair Institutional Rules, Regulations and Equalization Act.
- 3.Federal Institution Recover, Reform, and Executive Act.
- 4.Falsification of Restoration, Recover and Extrication Act.

-----  
79.FHACT is the acronym for:

- 1.Fair Habitation Act
- 2.Federal Housing Act
- 3.Fair Home Act
- 4.Fair Housing Act

-----  
80.FCRA is the acronym for:

- 1.Federal Credit Reporting Act.
- 2.Federal Certificate of Reimbursement Act.
- 3.Fair Credit Reporting Act.
- 4.Federal Community Redevelopment Act.

-----  
81.CFPB is the acronym for:

- 1.Congressional Fair Public Business Act.
- 2.Consumer Financial Protection Bureau.
- 3.Consumers Federal Policy Bureau.
- 4.Congressional Federal Protection Board.

-----  
82.ECOA is the acronym for:

- 1.Equal Credit Opportunity Act.
- 2.Equal Community Opportunity Act.
- 3.Equity Conservation and Organization Act.
- 4.Equal Contribution and Options Act.

-----  
83.GLBA is the acronym for:

1. Gramm Leach Bliley Act
  2. Grant Linoe Bilson Act
  3. Greater Liability Bliley Act
  4. Graham Leonard Bilson Act
- 

84. APR is the acronym for:

1. Average Percentage Rate.
  2. All-Inclusive Percentage Rate.
  3. Annual Percentage Rate.
  4. Amortized Percentage Rate.
- 

85. Which of the following, under RESPA, could NOT provide settlement services for the loan and purchase of an owner occupied property?

1. Someone who holds a power of attorney
  2. The lender originating the loan
  3. A licensed escrow officer
  4. A licensed attorney
- 

86. What is the penalty for a loan officer violating RESPA by paying a referral fee to a real estate agent?

1. \$10,000/three years prison
  2. \$10,000/one year prison
  3. \$1,000/one year suspension
  4. \$5,000/one year prison
- 

87. According to RESPA, the YSP must now be a ?

1. Subtraction of the Sellers Proceeds
  2. Credit to Seller
  3. Credit to the Borrower
  4. Bonus to Broker
- 

88. RESPA regulations require that an annual escrow statement be provided to the borrower within what time frame?

1. 10 days after the end of the calendar year
2. Annually
3. 30 days BEFORE the end of the calendar year

4. Annually 15 days after the funding of the loan by the new servicer

-----  
89. Which of the following does RESPA require to be given to the borrower?

1. Settlement Cost Booklet
2. Right of Rescission
3. Lead Based Paint Disclosure
4. APR Disclosure

-----  
90. Under RESPA, which of the following would be considered legal?

1. Charging a slight fee over the actual cost of the credit report.
2. Charging \$50 over the actual cost of the appraisal.
3. A payment to a real estate agent bringing a client for a loan.
4. Charging for fees that are direct costs of the loan.

-----  
91. Under RESPA, the aggregate impound limits at closing are:

1. zero dollars or 1 months taxes and insurance.
2. 1% of the entire principal balance.
3. zero dollars / up to 2 months taxes and insurance.
4. \$100 and three months taxes and insurance.

-----  
92. How much notice is the lender required to give the borrower before transferring the "servicing" of the loan?

1. 10 Days
2. 45 Days
3. 30 Days
4. 15 Days

-----  
93. A "trigger term" is any number used in advertising, other than the APR. When a trigger term is used, the advertising must include all of the following EXCEPT the:

1. Origination fee
  2. Payment
  3. Rate
  4. Term
-

94. In all forms of advertising credit, the only number that can be freely used is the:

1. total number of payments.
2. amount financed.
3. annual percentage rate.
4. finance charge.

-----

95. When an ARM loan is obtained, additional disclosures to the borrower include all the following EXCEPT:

1. a loan program disclosure.
2. the balance in the lender's trust account.
3. a \$10,000 loan historical example.
4. a handbook explaining Adjustable Rate Mortgages.

-----

96. The APR is the interest rate plus the finance charges computed and expressed as:

1. a percent.
2. an annual payment.
3. a dollar amount.
4. the amount financed.

-----

97. The APR includes fees that are required to get the loan. Not included are costs which would occur with a:

1. first time homebuyer.
2. home refinance loan.
3. cash buyer.
4. construction loan.

-----

98. The APR does not include which of the following?

1. Mortgage Insurance
2. Appraisal
3. Interest rate
4. Origination charges

-----

99. On the Loan Estimate what much be included on Page 1

1. All borrowers and their addresses

- 2.All borrowers and their children
- 3.First borrower and their S.S.#
- 4.All borrowers and their income

-----

100. According to Reg. Z, the borrower's automatic right to rescind the loan within 3 business days does not apply to:

- 1.loans used to refinance the borrower's home.
- 2.loans secured by second trust deeds.
- 3.equity lines of credit.
- 4.loans to purchase or build the borrower's residence.

-----

101. The borrower right to rescind the loan is disclosed in the:

- 1.72-hour Contingency Clause
- 2.Loan application
- 3.Notice of Right to Cancel
- 4.HUD-1 Settlement Statement

-----

102. If the annual percentage rate (APR) of a loan changes more than .250 of 1% from the original disclosure on an (ARM) transaction, which of the following would be applicable?

- 1.The lender is in violation of the law.
- 2.The borrower can "lock-in" the loan to avoid further interest increases.
- 3.The lender must pay for the borrower's credit report.
- 4.The borrower must be given a new disclosure at least 3 business days before the loan can be closed.

-----

103. The Borrower is entitled to the disclosure of the costs of a mortgage loan through the Loan Estimate:

- 1.within three business days of the loan application.
- 2.prior to making application for a loan.
- 3.within 7 business days of the loan application.
- 4.Within 3 business days prior to loan closing.

-----

104. The Truth in Lending Act protects the borrower by:

- 1.putting caps or limits on rate adjustments.
- 2.making low interest rate guarantees.
- 3.requiring disclosure of loan costs

4.establishing usury laws.

---

105.Regulation Z is another name for:

- 1.Equal Credit Opportunity Act.
  - 2.Truth in Lending Act.
  - 3.Americans With Disabilities Act.
  - 4.Home Mortgage Disclosure Act.
- 

106.The Truth in Lending Act is also a part of the:

- 1.Consumer Credit Protection Act
  - 2.Fair Credit Reporting Act
  - 3.Home Mortgage Disclosure Act
  - 4.Trust Fund Accounting Act
- 

107.A refinance loan closes and funds. The lender forgot to tell the borrowers about the right of rescission. How long do the borrowers have to rescind the loan?

- 1.3 days
  - 2.3 months
  - 3.3 years
  - 4.Only until the first payment is due
- 

108.A mortgage lender gave the borrower the final Closing Disclosure which understated the APR by 50 basis points. What should be done?

- 1.The lender has to give the loan at the lower amount.
  - 2.The lender should prepare new documents and redisclose in accordance with MDIA required waiting periods.
  - 3.Re-close the transaction.
  - 4.Nothing, as it was less than the required amount for redisclosure.
- 

109.Under the Truth in Lending Act, which of the following is NOT a requirement?

- 1.Borrower review of HUD-1
  - 2.Three day right of rescission
  - 3.Use of APR in advertising
  - 4.Disclosure of loan costs
-



110. Which of the following would NOT appear on Page 5 of the Closing Disclosure?

1. Finance charge
2. Amount financed
3. Total of Payments
4. Discount points

-----

111. Which of the following is NOT calculated into the APR?

1. Fixed interest rate
2. Lender's origination fee
3. Realtor's commission
4. Discount points

-----

112. The APR includes all fees that are required in order to get the loan. Not included is:

1. title Insurance.
2. daily Interest charge.
3. MIP or PMI.
4. origination fee.

-----

113. All of the following Acts are part of Reg Z except:

1. Consumer Credit Protection Act.
2. Truth In Lending Act.
3. Mortgage Disclosure Improvement Act.
4. Real Estate Settlement Procedures Act.

-----

114. In an effort to become an informed borrower, each borrower should receive from the lender all of the following EXCEPT:

1. Real Estate Purchase Contract.
2. Loan Estimate.
3. Truth In Lending Disclosure Statement.
4. Home Loan Tool Kit

-----

115. The Fair Credit Reporting Act covers all of the following EXCEPT:

1. disclosing obligations on users of consumer reports.
2. prohibiting discrimination regarding the handicapped.

- 3.regulating the consumer reporting industry.
- 4.ensuring fair, timely and accurate reporting of credit information.

-----

116.ECOA is also a part of what Reg.:

- 1.X
- 2.Z
- 3.B
- 4.C

-----

117.TILA would not apply to which of the following:

- 1.Non Owner Occupied loans
- 2.Purchases
- 3.Refinance transactions
- 4.2-4 Unit Owner Occupied Rental units

-----

118.The federal act that requires lenders to disclose mortgage loan information, by geographic area is:

- 1.HMDA.
- 2.FCRA.
- 3.ECOA.
- 4.RESPA.

-----

119.Under the Fair Housing Act, which of the following is NOT one of the protected classes:

- 1.Race
- 2.Color
- 3.Age
- 4.Sex

-----

120.“Seller Concessions,” as relates to the mortgage business are:

- 1.illegal forms of advertising by real estate agents and companies.
  - 2.offers by sellers to pay the buyers' down payment.
  - 3.offers by sellers to contribute to the closing costs of the buyer.
  - 4.special add-ons built into the property to make it more sell able to induce buyers into purchasing.
-

121. Which of the following is a protected class under the Fair Housing Act?

1. A handicapped individual
2. A person 62 years of age or older
3. An African-American
4. An American Indian

-----

122. If a loan originator is in a face-to-face loan application with the applicant, and the applicant does not wish to answer the questions in Section 10 on the 1003, the loan officer must:

1. research and obtain the information.
2. end the process.
3. check the box "I do not wish to furnish this information".
4. fill out the information based on visual observation.

-----

123. Who of the following would be an appropriate person to discuss the borrower's credit?

1. Seller
2. Selling agent
3. Underwriter
4. Listing Agent

-----

124. The responsibility of financial institutions to meet both the deposit and credit needs of the community, including the needs of low-income families, is called?

1. the Home Mortgage Disclosure Act.
2. the Community Reinvestment Act.
3. the Fair Credit Reporting Act.
4. the Equal Credit Opportunity Act.

-----

125. According to Regulation B, which of the following is not recommended?

1. Including income from alimony or child support if it is to be computed into the income
2. Asking about the number of children in the family
3. Always referring to the man as borrower and the woman as co-borrower
4. Asking if the applicant is married

-----

126. The Homeowners Protection Act of 1998 does which of the following?

1. Gives buyers the right to cancel a contract based on property condition
2. Requires a buyer to sign a disclosure regarding home inspections

3. Gives borrowers the right to cancel or terminate PMI
4. Provides consumers a means of protection through PMI

-----

127. The Privacy Act allows a lender to do which of the following?

1. Share a borrower's information with those necessary to complete the loan request
2. Share a borrower's information with anyone if no fee is received
3. Sell a borrower's information to anyone as long as it is private
4. Sell a borrower's information with the parent company, affiliates and non-affiliates

-----

128. A borrower applies for a loan. After pulling the borrower's credit, the loan is denied. Which of the following must occur under RESPA?

1. An Adverse Action Letter must be sent to the borrower within 30 days of the date of the application.
2. The borrower may not get a loan at another Mortgage Company.
3. A loan denial letter must be sent to the real estate agent.
4. The borrower must wait one (1) year before applying for an FHA loan.

-----

129. If a borrower is denied financing based on an incomplete application, which of the following can be done?

1. Send a letter explaining that they do not meet internal credit standards 30 days after the date of the credit report.
2. Notify borrower by telephone within the next couple of days.
3. Send a written adverse action notice within 30 days of the date of the application.
4. Notify borrower in person within the next 15 days.

-----

130. A borrower wants to purchase a 2nd home and tells you that they intend to rent the property out when they are not living in it. You have reviewed their financial information and realize that the borrower would qualify for financing if the property is classified as a 2nd residence. However, if the property is classified as an investment property, the borrower is unlikely to qualify. What should you do?

1. Classify the property as a rental property even though the borrower intends to reside there part of the year.
2. Classify the property as a 2nd residence; since the borrower intends to use the property for part of the year, this is acceptable.
3. Classify the property as a 2nd residence because it is not legal for the borrower to personally reside in a property classified as a rental for any length of time.
4. Deny the borrower because it is neither legal to rent out a 2nd residence or reside in a rental property for any length of time.

-----  
131. A potential client is shopping around for a competitive rate and a 15-day lead time to close. The brokerage you work for offers highly competitive rates, has an average lead to close time of 30 days, and a fast lead to close time of 21 days. Understanding these figures, you tell the client you can meet their demands and secure their business. This action is:

1. legal but unethical.
2. illegal but ethical.
3. illegal and unethical.
4. legal and ethical.

-----  
132. Considering the legislation of the Secure and Fair Enforcement Act (S.A.F.E. Act) of 2008, originating a loan for a family member or other blood relation is considered:

1. illegal but ethical.
2. legal but unethical.
3. illegal and unethical.
4. legal and ethical.

-----  
133. You are working on a file referred to you by a realtor. The realtor calls you to see if there is going to be any problem getting the customer qualified. The realtor wants to know what the borrower's credit scores are before presenting the offer. The most appropriate course of action is to:

1. refer the realtor to the borrower.
2. never disclose a borrower's information to a realtor.
3. obtain permission from the borrower to disclose the information.
4. tell the realtor the credit score.

-----  
134. You are working with a customer who has disclosed they have new payment obligations that do not appear on their credit report. You realize that your customer qualifies for a loan based on figures calculated using only payment obligations reported on their credit. In order to ensure your client qualifies, you decide to exclude the payment obligations that do not appear on the credit report. This action is:

1. Illegal but ethical
  2. legal but unethical.
  3. legal and ethical.
  4. illegal and unethical.
-

135. You have a customer who has been approved by the lender and is ready to close. The customer backs out at the last minute because of a recent interest rate drop and opts to go with a different loan officer. You paid for the appraisal and want to invoice the customer and be reimbursed. This course of action would be considered:

1. Legal and ethical
  2. Illegal and unethical
  3. Legal but unethical
  4. Illegal but ethical
- 

136. You have been working with a client for the past six months who has finally been approved by the lender and is ready to close. Two days before closing, interest rates drop and you explain to your customer that you are unable to go with a different lender at the better rate because of the standing commitment to the current lender. You also inform your client that breaking a rate with a lender is very damaging to the broker-lender relationship. After explaining the situation, your client still chooses to back out of the loan and go with a different loan officer. Your client's action in this situation is:

1. illegal but ethical.
  2. illegal and unethical.
  3. legal but unethical.
  4. legal and ethical.
- 

137. You have completed the necessary Pre-licensure education, testing, and application requirements to obtain your mortgage license. You have been hired by a brokerage and expect your background check to clear shortly. You have a friend who is eager to proceed with a loan application and your manager at the brokerage has said that you can start the file under his/her name, then switch it back to your name once your license arrives. This action is:

1. legal and ethical.
  2. illegal but ethical.
  3. illegal and unethical.
  4. legal but unethical.
- 

138. On a Uniform Residential Loan Application: You initially disclose a rate of 5% to the customer but are floating the rate. Over the next few days, rates improve and you have the option to lock the customer in at a rate of 4.75% and earn the same compensation. This behavior would be considered:

1. illegal and unethical.
2. legal and ethical.
3. illegal but ethical.
4. legal but unethical.

-----  
139. You interview a customer and collect all the information needed to fill out the 1003 and run credit. Before running credit, you specifically ask the client if it is okay to run their credit, and they consent. You should now:

1. have the customer sign a Borrower's Authorization form and then pull credit.
2. hang up the phone and run their credit.
3. ask the borrower to repeat their verbal consent, record it, and then pull credit.
4. feel confident a Borrower's Signature Authorization is not required as the consent has already been given.

-----  
140. You just closed a loan with a customer and would like to take them out to dinner to celebrate their new home purchase. Midway through the meal, you realize paying for your clients' meals may be considered a violation of RESPA. You should:

1. ask your clients to pay for your meal.
2. proceed; it is ok for you to pay for their meals.
3. ask your clients to pay for their meals.
4. pay only if their meal is under \$25 which is allowed.

-----  
141. You pull credit on a husband and wife. It turns out their debt-to-income ratio is too high. You notice the majority of the debts belong to the husband. You also note that the wife has enough income to qualify on her own. You remove the husband from the loan, submit the file, and receive approval. This action is:

1. legal but unethical (except for communal property sales).
2. illegal but ethical (except for communal property sales).
3. illegal and unethical (except for communal property sales).
4. legal and ethical (except for communal property sales).

-----  
142. Your borrower has a joint-asset account with another person. Most of the money in the account belongs to the non-borrower. The lender requires two months of bank statements. Under this circumstance, the documentation needed by the lender requires you to:

1. obtain a VOD with only the borrower's name on it.
  2. remove the non-borrower's information since it is not applicable.
  3. disclose and document deposits for the borrower and non-borrower.
  4. temporarily transfer all the money into a separate account with only the borrower's name on it.
-

143. Your customer calls you in the morning and tells you to lock the interest rate at the 5.5% you initially disclosed. You commit to lock the rate, but your day becomes busy and you aren't able to lock it until later in the day. When you go to lock the rate, you notice that the pricing has changed since this morning and the rate of 5.5% is now going to cost an additional \$500.00. What is the most appropriate course of action?

1. Call the customer before locking the rate and tell them about the \$500 cost
2. Pay the \$500 cost and lock the rate
3. Float the rate until rates improve
4. Lock the rate and charge a \$500 administration fee at closing

-----

144. A history showing the title changes regarding a property is required by an underwriter for what purpose?

1. To verify the absence of property flipping
2. To determine if there have been any forgeries
3. To establish that the boundaries are correct
4. To give a chronological record of all liens

-----

145. A transaction where the buyers have signed a contract to purchase real property, but have the intention of immediately selling it to another buyer is called:

1. FICO
2. A kickback
3. Flipping
4. A service release premium

-----

146. Early default can be an indicator of:

1. FICO score.
2. a prepayment penalty.
3. yield spread premium.
4. loan fraud.

-----

147. If fraud is discovered by the servicer, what is LEAST likely to occur?

1. The borrower will experience a rate increase
  2. A buyback by the originating lender
  3. Calling the note due
  4. The originating lender returns any premium fees
-



148. Reporting of suspected loan fraud should be done at this level of government:

1. County
  2. State
  3. City
  4. National
- 

149. When fraud on the part of the borrower is found in a loan file, which of the following is likely to occur?

1. The borrower will not be affected until default
  2. The mortgage broker may be forced to buy back the loan
  3. The loan officer will go to jail
  4. Nothing - it's built into the rates
- 

150. When is a loan officer authorized to refuse to accept a loan application?

1. When the borrowers' property is in a declining market
  2. When the lender doesn't think the property will appraise high enough
  3. When the applicant refuses to disclose their race and marital status
  4. When the information supplied by the applicant appears fraudulent
- 

151. If an applicant works 40 hours a week and is paid \$ 14.26 per hour, what is the applicant's average monthly income?

1. \$2,487.68
  2. \$2,281.60
  3. \$2,471.73
  4. \$2,444.57
- 

152. The Homeowners Protection Act states that when a loan-to-value falls below 78% PMI is to be:

1. Extended
  2. Cancelled
  3. Terminated
  4. Dropped
- 

153. The term "20 basis points" expressed as a percentage is:

1. 0.02%
2. 0.20%

3.2.00%  
4.20.00%

---

154. According to the Truth-in-Lending Act (TILA), which of the following fees is EXCLUDED from the calculation of the annual percentage rate?

1. Hazard insurance
  2. Wire Transfer
  3. Prepaid interest
  4. Mortgage insurance premiums
- 

155. VA is the acronym for:

1. Verification and Admissions.
  2. Veterans Administration.
  3. Veteran Affairs.
  4. Variable Add-ons.
- 

156. PUD is the acronym for:

1. Planned Unit Development.
  2. Primary Utility Disclosure.
  3. Preliminary Uniform Disclosure.
  4. Planned Urban Development.
- 

157. PITI is the acronym for:

1. Principal, Interest, Taxes, Insurance.
  2. Primary Integrated Taxes and Investment.
  3. Price, Investment, Taxes, Insurance.
  4. Property Interest and Tax Installment.
- 

158. LTVR/LTV is the acronym for:

1. Lot to value ratio
  2. Loan to value ratio
  3. Less than value ratio
  4. Land to value ratio
-

159.LIBOR is the acronym for:

- 1.London Inter-bank Offered Rate.
- 2.Land Investment and Bank Offered Regulation.
- 3.London Institutions of Britain Organization Rule.
- 4.Loan and Interest Board Of Rates.

-----  
-- 160.HELOC is the acronym

for:

- 1.Home Equity Line of Credit..
- 2.Housing Equity Loan Corporation.
- 3.Housing Equity Loans Of Commission.
- 4.House and Environmental Landscaping of Compensation Act.

-----  
161.FDIC is the acronym for:

- 1.Federal Deposit Insurance Corporation.
- 2.Fair Distribution of Insurance Commissions.
- 3.Federal Development of Institutional Corporations.
- 4.First Deposit and Insurance Corporation.

-----  
162.CRV is the acronym for:

- 1.Community Redevelopment Value.
- 2.Certificate of Residential Value.
- 3.Certificate of Reasonable Value.
- 4.County Residential Valuation.

-----  
163.COFI is the acronym for:

- 1.Calculation of Foreign Indexes.
- 2.Cost of Funds Index.
- 3.Coefficient of Funding Index
- 4.Confluence of Funds Index

-----  
---- 164.ALTA is the acronym

for:

- 1.American Land Truth Act.
- 2.Afro-American Loan Truth Act.
- 3.All-Inclusive Loan and Title Association.
- 4.American Land Title Association.

-----  
165.FHA (Federal Housing Administration) loans fall under the control and guidelines of:

- 1.HUD/CFPB.
- 2.FNMA/FHLMC.
- 3.RESPA/TILA.
- 4.PAR/BPS.

-----  
166.New VA loans are available to:

- 1.family members of veterans.
- 2.eligible veterans.
- 3.any qualified buyer.
- 4.friends of veterans.

-----  
167.Which of the following statements about a VA loan is true?

- 1.A veteran can have two or more VA loans in place simultaneously.
- 2.A veteran must pay off a previous VA loan before he/she can obtain a second VA loan.
- 3.Once a veteran uses his/her loan benefit, the benefit goes away.
- 4.Veterans can use their benefit to get a loan to purchase a personal residence a maximum of two times.

-----  
168.FHA loans can be obtained by:

- 1.middle income wage earners as defined by law.
- 2.low income wage earners only.
- 3.only first time home buyers.
- 4.anyone.

-----  
169.Interest rates for an FHA loan are set by:

- 1.HUD.
- 2.Federal Reserve Bank.
- 3.market forces and/or negotiation between lender and borrower.
- 4.Federal Reserve Board.

-----  
170. On an FHA loan, the discount points can be paid:

1. only through having them added to the loan.
2. only by the borrower.
3. only by the seller.
4. either by the borrower and/or the seller.

-----  
171. FHA loan limits change from time to time, and are based on the:

1. average selling price of homes in a county.
2. FNMA maximums minus 20%.
3. average income level of the county.
4. FHA median house prices.

-----  
172. Which type of loan application requires a residual income analysis to be performed?

1. FHA loan
2. Jumbo
3. VA loan
4. Conventional

-----  
173. An active duty service person, or a veteran obtaining his/her first VA loan would pay what amount for the VA funding fee (2017)?

1. 2%
2. 2.15%
3. 2.40%
4. 2.25%

-----  
174. The loan officer suspects the social security number in an FHA application is incorrect, what must he/she do?

1. Contact the Social Security administration to verify it.
2. Proceed with the loan, because FHA will verify the social security number.
3. Proceed with the loan and HUD will verify it.
4. Give the borrower five days to bring in the verification.

-----  
175. What are the qualifying ratios on an FHA loan when manually underwritten?

- 1.28/36
- 2.31/43
- 3.29/41
- 4.33/38

-----  
176. What loan requires an upfront mortgage insurance fee?

- 1. Conventional
- 2. FHA
- 3. VA
- 4. Subprime

-----  
177. On an FHA loan, which form of a gift is NOT allowed?

- 1. The seller gifts the down payment
- 2. Gift from a grandmother
- 3. Gift from an aunt and uncle
- 4. An employer gift which does not have to be repaid

-----  
178. In selling a home which has an FHA loan, when can the FHA loan be assumed?

- 1. FHA loans cannot be assumed
- 2. When the seller indemnifies the lender against default
- 3. When the buyer signs a release document
- 4. When the loan documents say the FHA loan is assumable

-----  
179. How much is charged for the up front mortgage insurance on an FHA loan (2012)?

- 1. 1.25%
- 2. 1.50%
- 3. 1.75%
- 4. 2.25%

-----  
180. When a borrower asks for an FHA loan, which of the following is false concerning the borrower's credit?

- 1. Collections will not affect the credit score
- 2. If the credit score is less than 640, the borrower may still get a loan
- 3. With excellent credit, the borrower will not get a better mortgage rate
- 4. If the borrower has credit issues, but can convince an underwriter of credit worthiness, s/he may still get a loan

-----  
181. Which of the following would keep you from getting an FHA loan?

1. Not having a down payment
2. No college education

- 3. Not having a spouse
- 4. Self-employment

-----

182. The borrower wants to get an FHA loan, but a judgment appears on the credit report. Which of the following represents how the judgment will be treated?

- 1. As long as the judgment was over one year ago, it has no bearing.
- 2. With a letter of explanation, the borrower may be approved for an FHA loan.
- 3. The judgment must be paid in full before the borrower can get an FHA loan.
- 4. If the judgment was over two years ago, it will have no bearing.

-----

183. When purchasing a home with an FHA loan, which of the following is true concerning employment?

- 1. Self-employment is not allowed
- 2. Salaried employment is always verified
- 3. The employer must have been in business for 2 years
- 4. Employment is not verified for an FHA loan

-----

184. With an FHA loan, which of the following is true concerning qualifying ratios?

- 1. Automated underwriting may approve a borrower with ratios higher than 29/41
- 2. A borrower with a very high credit score may get a loan with 55% debt ratio
- 3. A borrower with a very low credit score can only borrow to a 31% debt ratio
- 4. The maximum ratios in any circumstance are 31/43

-----

185. Which of the following is true concerning income with an FHA loan?

- 1. Borrowers may state income on any FHA loan
- 2. Income is not verified on FHA loans
- 3. Income must always be verified
- 4. Borrowers may only state income on an FHA ARM loan

-----

186. What part of a monthly payment cannot change during the fixed term of the mortgage loan?

- 1. Monthly Interest
- 2. Property Tax
- 3. Title Fee
- 4. Hazard Insurance

Correct Choice:



187. Which of the following does NOT directly influence interest rates?

- 1. Early payoffs
- 2. Foreclosure
- 3. Fraud
- 4. Federal Reserve Bank

-----

188. A person, who brings a borrower and lender together, is known as a:

- 1. loan officer.
- 2. mortgage lender.
- 3. mortgage broker.
- 4. loan intermediary.

-----

189. For loans purchased by FNMA or FHLMC, the conforming limit for 2017 is:

- 1. \$322,700.00
- 2. \$333,700.00
- 3. \$417,000.00
- 4. \$300,700.00

-----

190. What is a mortgage or trust deed?

- 1. The document that passes title from the borrower to the lender on the property being collateralized
- 2. The instrument that makes the lender a partial owner of the collateralized property
- 3. The document that creates a lien against the property
- 4. It is the contract that establishes the conditions for the loan and the repayment of money

-----

191. Under a trust deed and note, what interests do the borrower and lender hold in the property which is used as collateral?

- 1. Borrower - legal title, Lender - equitable title
- 2. Borrower - legal title, Lender - a lien
- 3. Borrower - equitable title, Lender - legal title
- 4. Borrower - lien, Lender - legal title

-----

192. Borrowers who qualify for conforming loans would be referred to as:

- 1.D paper borrowers.
- 2.B paper borrowers.
- 3.C paper borrowers.
- 4.A paper borrowers.

-----

193.In the mortgage business, what does the word “term” refer to?

- 1.The various "terms" of the promissory note
- 2.The amount of time your mortgage license has left before expiration
- 3.The length of time of the loan
- 4.The time it takes from application to settlement

-----

194.The entity that services a loan, basically takes on the duties of the:

- 1.mortgagee.
- 2.mortgagor.
- 3.trustor.
- 4.obligor.

-----

195.The way to compute LTV would be?

- 1.Divide the loan amount by the value of the property.
- 2.Multiply the property value by the loan amount.
- 3.Divide the property value by the loan amount.
- 4.Multiply the loan amount by the property value.

-----

----- 196.SRP stands for:

- 1.Standard Rate Product.
- 2.Servicing Release Pricing.
- 3.Service Release Premium.
- 4.Standard Rate Premium.

-----

197.When a loan is immediately being sold onto the secondary market, the responsibility of “funding” belongs to the:

- 1.borrower.
- 2.secondary lender.
- 3.primary lender.
- 4.seller.

Correct Choice:

198. Jumbo Loans are considered what type of loan:

- 1. investment.
- 2. Non-Conforming
- 3. Vacation
- 4. VA.

-----  
199. When FNMA or FHLMC loan limits are exceeded, the loan is considered to be \_\_\_\_\_.

- 1. Subprime
- 2. Jumbo
- 3. Suspended
- 4. Conforming

-----  
200. An interest rate at PAR would be?

- 1. The interest rate before any fees
- 2. An interest rate with no YSP
- 3. The rate charged by banks to their best customers
- 4. The rate quoted in radio advertising to induce clients to call, but which will require discount points

-----  
201. Which of the following is true about the index used in an ARM?

- 1. LIBOR is always the best index to use.
- 2. You can only change the index once during the life of the loan.
- 3. The index may only be a US Treasury Bill.
- 4. The index rate can change on the loan after settlement

-----  
202. Negative amortization happens when the:

- 1. borrower is not making payments on the loan.
- 2. mortgagee makes payments to the mortgagor.
- 3. payment is interest only, and the principal of the loan is not being reduced.
- 4. payment is less than the required interest amount and the loan balance increases.

-----  
203. An adjustable rate mortgage has two components to it, the index and the margin. After closing which of these can change?

- 1.Index only
- 2.Margin only
- 3.Both index and margin
- 4.Neither because the loan is “closed”

-----

204.Which of the following would NOT be an acceptable trust deed rider?

- 1.A condo rider
- 2.An ARM rider
- 3.A PUD rider
- 4.Mortgage insurance rider

-----

205.A borrower who qualifies for B, C or D paper or less favorable terms and interest rates is referred to as a:

- 1.subprime borrower.
- 2.conforming borrower.
- 3.non-conforming borrower.
- 4.secondary borrower.

-----

206.Two people obtain a loan and buy a home, taking ownership as joint tenants. Which of the following would NOT be true?

- 1.Both must sign on the loan
- 2.Each owns 50%
- 3.Neither could sell without the other's permission
- 4.Each owns 100%

-----

207.The cost approach of an appraisal is used for all of the following EXCEPT:

- 1.To determine the cost of income, on a rental property
- 2.insurance.
- 3.new construction.
- 4 remodel.

-----

208.When using the comparison approach, the appraiser is attempting to:

- 1.adjust the subject property to the comparable.
- 2.make neighborhood adjustments to determine the value of the property.
- 3.adjust the comparable to the subject property.
- 4.find a property that is identical to the subject property.

Correct Choice:

209. When there is a clause in a mortgage that requires the borrower to pay an extra fee if the loan is paid off early, it is known as a:

- 1. post-payment penalty.
  - 2. prepayment penalty.
  - 3. early payoff charge.
  - 4. prepayment privilege.
- 

210. Which of the following is NOT true concerning SRP?

- 1. The Lender that services the loan does not receive the SRP.
  - 2. Brokers do not get the SRP.
  - 3. Brokers may receive an SRP.
  - 4. Lenders get the SRP when the loan is sold.
- 

211. As it relates to a loan and after foreclosure, the right of redemption is the right of:

- 1. the borrower to renegotiate the terms of the loan.
  - 2. the lender to foreclose on a property.
  - 3. the lender to sell the property during the redemptive period.
  - 4. the borrower to redeem their property during the redemption period.
- 

212. Which of the following documents would contain the details about the loan amount, payment, when payments are due, late penalty, interest rate, etc.?

- 1. Mortgage
  - 2. Promissory note
  - 3. Loan package
  - 4. Trust Deed
- 

213. If a sheriff's sale is held, the document that dictated the foreclosure sale was a

- 1. Deed of Trust.
  - 2. Due-on-Sale Clause.
  - 3. Promissory Note.
  - 4. None of the above.
- 

214. Which of the following would NOT be a red flag of the possibility of loan fraud?

- 1.Sales price is substantially below market value.
- 2.Name and address on the deposit check is different from the buyer.

Correct Choice:

- 3.A REALTOR® is involved in the transaction.
- 4.Deposit check was not cashed.

-----

215.A balloon loan is best described as:

- 1.a loan that is paid off in one lump sum.
- 2.a loan that has a floating rate.
- 3.a loan that exceeds the loan limit.
- 4.a loan that is paid annually.

-----

216.A loan paid off in a lump sum after a fixed amount of time is called?

- 1.A conventional loan
- 2.An ARM
- 3.A balloon loan
- 4.A jumbo loan

-----

217.How does the secondary market help lenders?

- 1.They sell loans.
- 2.They insure loans.
- 3.They guarantee loans.
- 4.They purchase loans.

-----

218.How much is 1 discount point?

- 1.A 1% reduction in the note rate
- 2.\$1,000
- 3.1% of the loan amount
- 4.1% of the sales price

-----

219.What is the amount of money that VA guarantees called?

- 1.Escrow
- 2.Endorsement
- 3.Encroachment
- 4.Entitlement

-----

220.The best description of LTV is a percentage of what?

- 1.The amount borrowed compared to the sales price or the appraised value
- 2.The down payment compared to the sales price or appraised value
- 3.The total of the borrower's monthly debts compared to his/her total monthly income
- 4.The loan amount compared to the borrower's total assets

-----  
221.The main difference between FHA and VA is that VA:

- 1.has lower discount points than FHA loans.
- 2.has no prepayment penalty.
- 3.guarantees the loan whereas FHA insures the loan.
- 4.allows assumptions.

-----  
222.What are FHA loan limits based on?

- 1.The sales price after the down payment and upfront mortgage insurance
- 2.The sale price of property
- 3.The lesser of the sales price or appraised value after the down payment and before upfront mortgage insurance
- 4.The appraised value less the down payment after the upfront mortgage premium

-----  
223.What are the Fannie Mae / Freddie Mac loan limits as of 2017?

- 1.\$424,100
- 2.\$225,500
- 3.\$322,700
- 4.\$359,650

-----  
224.What do you call a loan that exceeds Fannie/Freddie loan limits?

- 1.Conventional
- 2.Government
- 3.Jumbo
- 4.Conforming

-----  
225.How does an ARM adjust?

- 1.Index only
- 2.Index plus the margin
- 3.Interest rate caps only
- 4.Federal Reserve Bond



-----  
226.What is a discount point?

- 1.A fee paid to lower the borrower's first loan payment
- 2.A fee paid to help pay for part of the borrower's closing costs
- 3.A fee to the lender for originating the loan
- 4.A fee to permanently reduce the interest rate on a loan

-----  
227.What is the legal amount that an ARM can increase in one year?

- 1.6%
- 2.2%
- 3.1%
- 4.There is no legal amount

-----  
228.What is the main difference between FHA and Conventional loan programs?

- 1.FHA is for first time home buyers
- 2.FHA insures the lender against losses
- 3.FHA doesn't require a down payment
- 4.There is no difference

-----  
229.What is the primary purpose of the primary market?

- 1.To pool loans and sell them to investors
- 2.To sell loans
- 3.To originate loans
- 4.To purchase loans

-----  
230.What makes a mortgage loan a second mortgage?

- 1.It has a higher interest rate.
- 2.It is the smallest loan.
- 3.It is recorded in second position.
- 4.It is a HELOC.

-----  
231.When do you give an ARM disclosure?

- 1.When the rate may change at any time in the life of the loan.
- 2.Any time the rate changes in the first five years.

3. When the borrower asks for one.
4. Any time the rate changes in less than three years.

-----

232. Whenever the loan is an ARM, Federal regulations require which of the following?

1. A maximum loan limit of \$417,000
2. An increase of no more than 1/2 percent per year
3. The lender to charge set amounts for the origination fee
4. Disclosure of the index used

-----

233. Which of the following buys closed mortgage loans?

1. The secondary market
2. The primary market
3. The buyer's market
4. The lender's market

-----

234. Which is true regarding FHA loans?

1. There is no prepayment penalty
2. The prepayment penalty is .5% of the note
3. The loan can be prepaid after 5 years with no penalty
4. The prepayment penalty is 6 months of interest

-----

235. Which of the following are not considered under RESPA changed circumstances?

1. Acts of God, war, disaster, or other emergency
2. Other circumstances that are particular to the borrower or transaction, including boundary disputes, the need for flood insurance, or environmental problems.
3. New information particular to the borrower or transaction that was not relied on in providing the GFE
4. Borrowers name spelled incorrectly

-----

236. Which of the following best describes Freddie Mac?

1. A government-sponsored enterprise that purchases loans from the primary market
2. A government agency that provides special funds to multi-family properties
3. A government agency that deals specifically with VA loans
4. A government corporation that sets the interest rates for federally related institutions

-----  
237. Which of the following will not affect a borrower's fixed rate mortgage payment?

1. An increase in property taxes
2. An increase in hazard insurance
3. The 10 year treasury bond
4. A decrease in property taxes

-----  
238. Which of the following best describes Fannie Mae?

1. A government agency that buys FHA and VA loans
2. A government corporation that sets the interest rates for federally related institutions
3. A government-sponsored enterprise that purchases loans
4. A government agency that provides special funds for multi-family properties

-----  
239. Who sets the margin on an ARM?

1. FHA
2. The regulatory agency
3. Federal Reserve Board
4. The lender

-----  
240. A lender will not accept a double contract because:

1. it only benefits the buyer and the seller.
2. the broker and the realtor could get paid twice.
3. the loan would be closed and funded based on misrepresentations to the lender.
4. it creates excess paperwork.

-----  
241. Generally speaking, which loan does not require mortgage insurance?

1. If the combined loan to value is 90%, and the LTV is less than 80%
2. If the loan is greater than 80% LTV
3. If the combined loan to value is 95%, and the LTV is less than 81%
4. If the loan is less than 90% CLTV, and the LTV is 85%

-----  
242. How does the cost approach determine value on a property?

1. By analyzing the income generated from the property
2. By calculating the dollar amount to rebuild the home
3. By averaging nearby property values

4.By analyzing similar homes in the same geographical area

---

243.How is the market value of an appraisal determined?

- 1.By analyzing similar sold homes that are in the same geographical area
  - 2.By analyzing homes that generate the same amount of income when rented
  - 3.By analyzing similar homes that are for sale in the same geographical area
  - 4.By analyzing homes that cost the same amount to build
- 

244.If a loan with private mortgage insurance was originated after July 1999, then the mortgage insurance must be dropped when the loan reaches the following percentage of the original sales price or appraised value:

- 1.88%
  - 2.80%
  - 3.75%
  - 4.78%
- 

245.If appraising a 10 year old residential home, what is the best approach to determine value?

- 1.Market value
  - 2.Property tax assessment
  - 3.Income approach
  - 4.Cost to rebuild
- 

246.If required, the borrower must retain flood insurance for how long?

- 1.Until the loan is paid down to 50% LTV
  - 2.Until the loan is paid down below 80% LTV
  - 3.For 10 years
  - 4.For the life of the loan
- 

247.If the borrower's homeowner's insurance lapses, the lender will obtain which of the following?

- 1.Federal insurance
  - 2.Forced place insurance
  - 3.Credit insurance
  - 4.Special mortgage insurance
- 

248.In which order is the borrower's mortgage payment disbursed?

1. Interest, principal, escrow
  2. Principal, interest, escrow
  3. Escrow, interest, principal
  4. Interest, escrow, principal
- 

249. In which situation would it be most likely that a lender will reject a property?

1. If the effective age is unduly old
  2. If the condition is marked "fair" by the appraiser
  3. If the market value exceeds the costs to rebuild
  4. If the net adjustments on the comparable were 5%
- 

250. The amount of homeowners insurance required by the lender is the lesser of the loan amount or:

1. the value of the home.
  2. the sales price.
  3. replacement cost.
  4. 50% of the loan value.
- 

251. To transfer an FHA case number, FHA will allow the originating lender to charge how much?

1. For actual costs
  2. 5% of the loan amount
  3. no less than 1% of the loan amount
  4. Nothing, unless it has been underwritten by the DE underwriter
- 

252. What are the payment options on an Option ARM?

1. Amortized over 30 years; amortized over 15 years; interest only; or negative amortization
  2. Amortized over 30 years; amortized over 20 years; amortized over 15 years; or interest only
  3. Amortized over 30 years; amortized over 15 years; interest only; or balloon payment
  4. Amortized over 30 years; amortized over 20 years; amortized over 15 years; or amortized over 10 years
- 

253. What benefit does private mortgage insurance provide to the borrower?

1. It pays off the mortgage if either the borrower or co-borrower pass away.
2. It allows a longer grace period for payments.
3. It protects against property loss or damage.

4.It reduces the amount of down payment required.

-----  
254.What determines lien priority?

- 1.If it's the lowest interest rate
- 2.If it's recorded first, second etc.
- 3.If it has the largest loan balance
- 4.If it was subordinated to the first

-----  
255.What does an appraisal do?

- 1.Secures the value
- 2.Guarantees the value
- 3.Estimates the value
- 4.Determines the value

-----  
256.What does COFI stand for?

- 1.Central Office of Financing Institute
- 2.Comptroller Of Financial Institutions
- 3.The commodity used to determine the borrower's interest rate
- 4.The Cost Of Funds Index

-----  
257.What does FHA stand for?

- 1.Federal Housing Administration
- 2.Federal Housing Act
- 3.Federal Housing Agency
- 4.Federal Housing Academy

-----  
258.What is the amount of FHA's UMIP (2016)?

- 1.1.50%
- 2.2%
- 3.2.25%
- 4.1.75%

-----  
259.What is the funding fee for an active duty veteran or a veteran who has not previously used his/her entitlement and who is not putting down a down-payment (2016)?

- 1.1.40%
- 2.2.00%
- 3.2.15%
- 4.1.50%

-----

260. What is the purpose of title insurance?

- 1. To provide coverage for title to the property
- 2. To provide coverage in case of fire
- 3. To provide coverage for the chain of title
- 4. To provide coverage for the lender or owner

-----

261. What kind of loan has Upfront Mortgage Insurance?

- 1. FHA
- 2. Jumbo
- 3. Conventional
- 4. VA

-----

262. What prevents a party from having clear title?

- 1. Impounds
- 2. Escrow
- 3. Entitlement
- 4. Encumbrance

-----

263. What type of loan never requires monthly mortgage insurance?

- 1. A 100% VA loan
- 2. An 80% FHA loan
- 3. A 90% LTV conventional loan
- 4. An 85% LTV jumbo loan

-----

264. Which of the following would qualify as the best comparables for a residential dwelling?

- 1. A comparable from a home that has been sold, but has not been closed
- 2. Sold homes that are similar to the subject property
- 3. Three comparables from homes that have been listed on exactly the same street
- 4. A comparable that indicated the highest value of the home, as provided by the real estate agent

-----  
265. A borrower with an FHA loan sells the property on contract and transfers the title. Under which circumstance is this acceptable?

1. If the loan is assumable
2. If the new borrower occupies the property
3. If the original borrower indemnifies the lender against any losses
4. Under no circumstances

-----  
266. At closing, which would not be a standard trust deed rider?

1. An ARM rider
2. A compliance agreement rider
3. A planned unit development rider
4. A graduated payment mortgage rider

-----  
267. How does aggregate adjustment benefit the borrower?

1. It protects against escrow overages
2. It protects against escrow shortages
3. It protects against escrow elimination
4. It protects against escrow theft

-----  
268. If a borrower is a commissioned employee and required to provide tax returns, how does the lender calculate income from the tax returns for a FHA loan?

1. Commissioned income less all of Schedule A
2. Commissioned income only
3. Commissioned income less schedule 2106 expenses
4. Adjusted Gross Income

-----  
269. If a borrower is self-employed and trying to get a government or conventional loan, which percentage of ownership in a business means that the borrower will not be required to provide tax returns?

1. Greater than 25%
  2. Greater than 50%
  3. Less than 25%
  4. Greater than 50% but less than 75%
-



270.If a lender is processing an FHA loan and finds out that the borrower has a questionable social security number, what should be done?

- 1.Continue to process and close the loan, FHA will insure it as long as the required documentation is in the file.
- 2.Keep processing and proceed as if nothing has happened, the SS# will be checked later in underwriting.
- 3.Immediately turn the loan down it is probably fraud
- 4.Contact the Social Security Administration and resolve the question

-----

271.If the borrower is self-employed, generally speaking, what can be added to the income?

- 1.Notes due and payable in less than one year
- 2.Adjusted Gross Income
- 3.Depreciation
- 4.Nothing, only W-2 income

-----

272.If the borrower is self-employed, what does the lender look for on the tax returns for income?

- 1.Adjusted Gross Income
- 2.Schedule C and non-cash expenditures including depreciation
- 3.Net Schedule C income
- 4.FICA income

-----

273.If two borrowers own property in joint tenancy, each borrower has what percent of ownership?

- 1.0%, the lender owns the property until the lien is paid in full
- 2.The percentage is determined by how much is written on note or deed
- 3.100%
- 4.50%

-----

274.In which situation is there no monthly mortgage insurance for the life of the loan on a FHA Mortgage?

- 1.The LTV is less than 89.99% and the loan is a 30 year term
- 2.The LTV is less than 78% and the loan 15 years or less
- 3.There is always monthly mortgage insurance on a 15 year loan
- 4.The LTV is 80% and the borrowers have paid for at least 3 years

-----

275.Standard endorsements on title insurance don't cover which of the following?

- 1.Environmental issues
- 2.Restrictions and CC&R's
- 3.The property address
- 4.Air hazards

-----

276.Title is transferred from one party to another through which of the following?

- 1.A conveyance
- 2.Entitlement
- 3.A gift
- 4.An encumbrance

-----

277.Using Fannie Mae (Federal National Mortgage Association) and Freddie Mac (Federal Home Loan Mortgage Corp.) guidelines, what is true if a borrower is purchasing a non owner-occupied 2-4 unit property?

- 1.The borrower must have six months PITI in the bank
- 2.The loan payment must be sufficient to cover rents
- 3.The rent must be sufficient to cover the loan payment
- 4.The rent must be lower than the loan payment

-----

278.What are FHA's automated underwriting qualifying ratios?

- 1.29/41
- 2.24/36
- 3.36/43 4.28/36

-----

279.What would the best solution be if the borrower or co-borrower is not present to sign the closing documents?

- 1.Have the borrower or co-borrower sign for the absent individual
- 2.Use a specific power of attorney
- 3.Have a relative or spouse sign for him/her
- 4.Use a name affidavit

-----

280.Which of the following does not have an effect on mortgage interest rates?

- 1.Fraud
- 2.Foreclosure
- 3.Early Payoff

#### 4.The Federal Reserve System

---

281.What is an unacceptable source of funds for down payment on a Fannie/Freddie Loan?

- 1.The selling of an asset
  - 2.Unverifiable cash on hand
  - 3.A bonus from an employer that does not have to be repaid
  - 4.A gift from the employer
- 

282.What is an unacceptable source of gift funds on an FHA loan?

- 1.From seller to borrower
  - 2.From uncle to niece
  - 3.From grandparent to grandchild
  - 4.From an employer
- 

283.What is the best way to explain APR to borrowers?

- 1.Yield spread premium or service release premium plus all closing costs
  - 2.Yield spread premium or service release premium plus the interest rate
  - 3.Mortgage insurance plus the interest rate including loan costs
  - 4.Interest rate plus all closing costs and prepaids
- 

284.What kind of loan uses residual income as part of the qualifying process?

- 1.FHA
  - 2.Conventional
  - 3.Jumbo
  - 4.VA
- 

285.Which of the following would have no Annual MIP (2017)?

- 1.A loan with a 79% LTV
  - 2.A loan with a 78% LTV and a term of 15 years or less
  - 3.A loan with an 80% LTV
  - 4.Annual MI is always required
- 

286.When money is not paid out and withheld from the funding at a loan closing, these monies are usually held as:

- 1.an impound.
  - 2.an escrow.
  - 3.an encumbrance.
  - 4.a withholding.
- 

287.Which of the following is not included in the debt-to-income qualifying ratio?

- 1.Installment loans
  - 2.Rent on current housing
  - 3.Housing payment
  - 4.Monthly revolving payments
- 

288.Which of the following are not included in the housing qualifying ratio?

- 1.Hazard insurance
  - 2.Property taxes
  - 3.Home Owners Association Dues
  - 4.Utilities
- 

289.Which of the following best describes a lien?

- 1.Stops all fees from incurring on the property
  - 2.A claim on the property
  - 3.Forfeits the property
  - 4.Allows the lender to sell the property
- 

290.The borrower is putting 10% down on a \$180,000 sales price. She is paying 2.5 discount points and a 1% origination fee. What is the total of the origination fee and discount points she is paying?

- 1.\$5,670
  - 2.\$6,300
  - 3.\$1,800
  - 4.\$6,120
- 

291.For an interest only loan of \$180,000 with a 5% interest rate, how much is the dollar amount of interest for 7 months?

- 1.\$5,500
- 2.\$6,500
- 3.\$9,000

4.\$5,250

---

292.A borrower purchases a home for \$120,500 and is putting 10% down. If he has already paid \$2,500 in earnest money, what is the rest of the down payment at closing?

- 1.\$8,345
  - 2.\$8,550
  - 3.\$9,550
  - 4.\$10,500
- 

293.On an FHA annually adjusting ARM, assume that the starting rate was 5%; the margin is 2.5%; the index in 6 months is 3%; the index in 12 months is 3.5%; the index in 18 months is 3.25%. What is the borrower's interest rate in 18 months?

- 1.5.00%
  - 2.6.00%
  - 3.5.50%
  - 4.5.75%
- 

294.What is the note rate for a \$150,000 loan with a 2/1 buy down when the borrowers start with a payment rate of 4% for 12 months; then 5% for another 12 months; then 6% for the rest of the payment term?

- 1.The note includes all three interest rates.
  - 2.4%
  - 3.5%
  - 4.6%
- 

295.What is the HCLTV (HTLTV) assuming a \$200,000 value, a \$100,000 first mortgage loan, and a \$50,000 Home Equity Line of Credit second mortgage with a drawn amount of \$30,000?

- 1.50%
  - 2.65%
  - 3.75%
  - 4.100%
- 

296.What fee is not included in the Loan Estimate?

- 1.Appraisal fee
- 2.Credit reporting fee
- 3.Mortgage broker fee

4.Real estate broker fee

-----  
297.What is the housing ratio for a borrower who makes \$24,000 a year with a payment amount of \$560?

- 1.25%
- 2.28%
- 3.23%
- 4.31%

-----  
298.The lender discloses the prepayment penalty on which of the following documents?

- 1.The 1003
- 2.The Loan Estimate
- 3.ECOA disclosure
- 4.The trust deed and the trust deed note

-----  
299.Under what circumstances would it be possible to consider capital gains as income for a Fannie Mae or Freddie Mac loan?

- 1.If the borrowers can get written verification from their mortgage loan servicer that the income will continue
- 2.If the borrowers can verify a minimum of two years income on their tax returns and still own the asset
- 3.If the borrowers can verify one year income on their tax returns and get a CPA letter
- 4.If the borrowers are using the asset/income as part of their down payment

-----  
300.How is rental income calculated when the borrower owns rental properties other than the subject property?

- 1.100% of the income less the PITI. If the net is positive, include as income; if the net is negative, include as a monthly debt
- 2.Only when the borrower has a two year history of managing rental properties 3.75% of the income less the PITI. If the net is positive, include as income; if the net is negative, include as a monthly debt
- 4.Only when the borrower has a two year history of managing rental properties and the borrower has rent loss insurance

-----  
301.Calculate the borrower's maximum housing payment if the qualifying ratios are 28/36, the husband's income is \$48,000 per year, and the wife makes \$2,500 per month?

- 1.\$2,044
- 2.\$1,820
- 3.\$2,628
- 4.\$2,340

-----

302.If a borrower wants to do a Rate/Term refinance loan and is still in the process of paying off a Chapter 13 bankruptcy, in order to do this loan you will need to:

- 1.make sure the bankruptcy was filed at least 7 years ago.
- 2.send a letter to the lender requesting permission to proceed.
- 3.obtain signed approval from the customer's bankruptcy court judge.
- 4.do nothing; special processes are only required for Chapter 7 and Chapter 11 bankruptcies.

-----

303.When you order an Insurance binder on a borrower's loan file, the one-page sheet that summarizes all the insurance information is known as the:

- 1.binder summary page.
- 2.Declaration page.
- 3.1008
- 4.binder reference page.

-----

304.The lender is requiring repairs on the home to be completed. Those repairs can be done after the loan closes by including them in a(n):

- 1.Escrow Holdback.
- 2.Earnest Money Deposit.
- 3.Lender Retainer.
- 4.Repairs Completion Account (RCA).

-----

305.A borrower has an Interest Only mortgage loan and wishes to make the minimum monthly payments required. If the homeowner decides to payoff the loan at the end of the loan term, what will the homeowner be required to pay?

- 1.The original loan amount
- 2.A balance greater than the original loan amount
- 3.A balance less than the original loan amount
- 4.The entire purchase price of the property

-----

306.Your customer owns several rental properties, one-third of which have a Negative Net Lease. Therefore, you can conclude that:

- 1.two of the rentals are owned outright.
- 2.the rents are equal to or less than the mortgage amount due each month.
- 3.more rent is collected than your borrowers owe in payments each month.
- 4.one out of the three rental properties is vacant.

-----

307.What are two of the most important documents that the borrower signs at settlement?

- 1.The Loan Note and the Deed of Trust
- 2.Error and Omissions and the Loan Note
- 3.The Loan Note and First Payment Letter
- 4.The Mortgage and Right of Rescission

-----

308.The mortgage loan you submitted to the Lender has been approved. However, there are some conditions that the Lender requires before the loan docs will be sent to the closing office. These conditions are referred to as:

- 1.Prior to doc
- 2.Prior to funding
- 3.Doc order
- 4.Re-draw

-----

309.Private Mortgage Insurance is required on conforming 1st mortgage loans when the Loan-ToValue is:

- 1.above 80%.
- 2.70% - 79.99%.
- 3.above 80% except if the loan has a 15-year term.
- 4.80% - 89.99%.

-----

310.On a conforming purchase loan transaction, the maximum percent a seller can contribute under "Seller Contributions" is determined by:

- 1.the LTV on the purchase loan.
- 2.the loan amount.
- 3.the borrower's middle credit score.
- 4.both the LTV and DTI.

-----

311.To accurately predict when a refinanced owner occupied property mortgage loan will fund after settlement, you must consider:

- 1.the Three-Day Right of Rescission.



- 2.the day of the week the loan closes.
- 3.if the lender does "table funding".
- 4.if you are allowed to back date or not.

-----

312.The 1003 is also known as:

- 1.the settlement closing document.
- 2.the transmittal summary.
- 3.the loan, disclosure document.
- 4.the URLA.

-----

313.Which of these property types can be owner occupied?

- 1.A second residence
- 2.Investment property
- 3.Primary residence
- 4.Condotels

-----

314.How many years of residency history do you need to document on the 1003 for each borrower?

- 1.Only 1 year if they lived with parents
- 2.1 year if they rented prior to the purchase
- 3.2 years for both borrowers
- 4.2 years for at least one of the two borrowers

-----

315.How many years of employment should you document on the 1003 for each borrower?

- 1.1 year only
- 2.1 year if they are W-2 employees
- 3.2 years for both
- 4.2 years for at least one of the two borrowers

-----

316.A couple wants to buy a house together and both will be using their credit and income to qualify for the loan. However they are not married. How are they applying?

- 1.Jointly but on two separate loan applications
- 2.Not Jointly
- 3.Individually
- 4.Married applying jointly

-----  
317. In the Real Estate Owned section of the 1003, you need to include all of the following:

1. Current residence, rentals, lots, and any other real estate owned
2. Current residence only
3. Current residence and other personal property owned
4. Current residence, farm lands and building lots

-----  
318. You have a borrower that makes \$21 an hour and overtime every month, what must you do to insure that you can use the overtime??

1. Just count the overtime.
2. Subtract the overtime from the gross income.
3. Figure his gross income and make sure he can prove overtime over a two year period
4. Use the gross monthly income figure your borrower discloses.

-----  
319. Under Section X, Information For Government Monitoring Purposes, you ask the borrower race, ethnicity and gender questions. The borrower tells you that s/he does not wish to furnish that information. In a face to face loan application, what should you do?

1. Tell the borrower that the questions must be answered for a loan application to be considered complete.
2. Leave the answers blank but check the box "I do not wish to furnish this information".
3. Fill in the answers you are sure are correct.
4. Make your best guess and fill in all the information.

-----  
320. What form do you give to the borrower(s) to sign that authorizes the MLO to order a credit report?

1. Borrowers Signature Authorization
2. Affiliated Business Agreement
3. The Privacy Act Disclosure
4. Loan Credit Act Form

-----  
321. Which disclosure do you need for an ARM loan?

1. Home Buyers Guide
2. CHARM booklet
3. Understanding ARMs
4. HECM disclosure

-----  
322. You are wondering what the total amount of interest your borrowers will pay on their 30 year fixed rate loan--if they kept that loan for its full 30 years. On the TIL you calculate the Amount Financed to be \$145,000. Your customers P&I payment is \$975.00 per month. Based on this information, what will be the amount of interest your customer will pay over the 30 year period?

1. \$206,000
2. \$351,000
3. \$145,000
4. \$148,717

-----  
323. You are doing a refinance loan for your borrowers non-owner occupied property. You look at the property profile and see that the site address and your customers' address are different. What action should you take?

1. No action required
2. Call the FBI and report them for fraud
3. Call your customer to find out why the addresses are different
4. Mark the property type as owner occupied

-----  
324. Which form allows the lender to verify your client's tax returns?

1. W-2
2. 4506-T
3. 1099
4. DD-214

-----  
325. What form is used in order to verify an honorable discharge?

1. 26-1880
2. DD 214
3. 1003
4. NGB Form 22

-----  
326. FHA allows loans on all property types except:

1. non-owner occupied.
2. manufactured housing.
3. 2-4 Units.
4. condominiums.

-----  
327. A buyer had made an earnest money payment of \$5,000. Later the buyer pays an additional \$2,000 to be credited at closing on a property with a sale price of \$160,000. If the required down payment is 20%, how much additional money will the buyer need to provide toward the down payment at closing?

1. \$32,000
2. \$27,000
3. \$30,000
4. \$25,000

-----  
328. What does a loan originator use to determine the estimated value of a property based on analytical comparison of similar property sales?

1. An appraisal
2. A market survey
3. An area survey
4. A cost-benefit analysis

-----  
329. URLA is the acronym for:

1. Uniform Residential Land Appraisal.
2. Uniform Residential Loan Application.
3. Uniform Residential Lot Appraisal.
4. Universal Residential Loan Application.

-----  
330. FmHA is the acronym for:

1. Farming Housing Act.
2. Farmers Home Administration.
3. Federal Mortgages for Homes Act.
4. Family Home Administration.

-----  
331. FHLMC is the acronym for:

1. Freedom from House and Loan Mismanagement Act.
  2. Federal Housing and Loan Mortgage Commission.
  3. Fair Home and Lending Management Commission.
  4. Federal Home Loan Mortgage Corporation.
-

332. The purpose of the Closing Disclosure is to:

1. disclose the APR.
2. make sure the lender receives fair compensation.
3. account for all money involved in the transaction.
4. explain to the borrower the terms of the loan.

-----

333. Which of the following is not common to split between buyer and seller?

1. Homeowner's Association Fees
2. Property taxes
3. Rents
4. Loan origination fees

-----

334. The Closing Disclosure has taken the place of what form for consummation on purchases of a Fannie or Freddie type of loan:

1. HUD-1 Form.
2. Appraisal
3. Flood Certificate
4. Charm Booklet

-----

335. Which of the following would NOT be considered a prepaid item?

1. Prorated share of property taxes
2. Partial month's interest on a new loan
3. Title insurance
4. Hazard or flood insurance premium for one year

-----

336. Closing costs are those costs related to the loan EXCEPT:

1. discount points.
2. prepaid items.
3. processing fee.
4. loan origination fee.

-----

337. Which of the following would be an appropriate entry on the 1003 if asked for the "manner" in which title will be held?

1. Joint tenants with full rights of survivorship
2. Tenancy for years

3. In a bank safety deposit box
4. Periodic tenancy

-----

338. For one person to sign a legal document for another person generally would be considered forgery, unless the person signing had:

1. a close relationship with the person, i.e., spouse, child, or parent.
2. There are no circumstances when this is legally allowable.
3. legal power of attorney.
4. a writ of being handicapped and unable to sign for themselves.

-----

339. Each of the following would be considered a "recurring cost" EXCEPT:

1. Property taxes
2. hazard insurance.
3. discount points.
4. mortgage insurance.

-----

340. Which of the following would a lender NOT consider to be paid in advance?

1. Real estate commission
2. Mortgage insurance
3. Prepaid interest
4. Hazard insurance

-----

341. Which of the following would NOT cause a delay in funding the loan if closing has already taken place?

1. Some of the required repairs to the property were not done.
2. A problem was found in the chain of title for the property.
3. The address used in all the documents was not correct.
4. The seller wanted her maiden name included on the deed.

-----

342. If a trust deed is recorded, which of the following is true?

1. It verifies both the lender and borrower signed the document.
2. Ownership is conveyed.
3. A lien is released.
4. An encumbrance is created.

-----  
343. What do we call it when the loan will not be fully funded until further conditions are met?

1. Escrowed funding
2. Conditional funding
3. Loan reserve funding
4. Loan held in trust

-----  
344. On an FHA residence loan, the borrower must occupy the premises within how many days after closing?

1. 45 days
2. 15 days
3. 60 days
4. 30 days

-----  
345. A lien is released by which of the following documents?

1. Deed of Trust
2. Deed of Re-conveyance
3. Quit Claim Deed
4. Warranty Deed

-----  
346. Mortgage insurance is required by the lender, based on risk, credit score, length of the loan, fixed or variable and the LTV. The cost for PMI will vary, depending upon these factors. Which of the LTVs below would not be used for determining the cost of mortgage insurance?

1. 85.01-90%
2. 78-80.00%
3. 80.01-85%
4. 90.01-95%

-----  
347. Mortgage insurance benefits the borrower by:

1. allowing borrowers to obtain financing with lower down payments and higher LTVs.
2. making the payments if the borrowers lose their jobs.
3. paying off the home in the event of the death of any of the borrowers.
4. paying off the mortgage in the event of a fire.

-----  
348. UFMIP or Mortgage Insurance Premium would be used for which of the following loans?

1. Conventional loans
  2. VA loans
  3. Secondary financing
  4. FHA loans
- 

349. PMI, or Private Mortgage Insurance, would be used for which of the following loans?

1. FHA loans
  2. VA loans
  3. Conventional loans
  4. All Government loans
- 

350. The borrowers want a conventional loan for a \$150,000.00 new home purchase. They do not want to pay for mortgage insurance. They have enough money to put down, but want to put the minimum down required that would allow for no mortgage insurance. What amount would be needed for the down payment?

1. \$40,000.00
  2. \$20,000.00
  3. \$33,000.00
  4. \$30,000.00
- 

351. Fannie Mae would require mortgage insurance on which of the following loans?

1. An 83% LTV conventional loan
  2. A 96.5% FHA loan
  3. An 80% LTV first mortgage and 20% LTV second mortgage equaling a 100% LTV loan
  4. A 100% VA loan
- 

352. Which of the following would NEVER require mortgage insurance?

1. Federal Housing Administration Loans
  2. Loans with secondary financing
  3. Veterans' Affairs loans
  4. Conventional Loans
- 

353. When obtaining hazard insurance, the lender will require a special clause to be inserted into the policy covering them from any loss. This is called?

1. Release from liability clause
2. Mortgagee clause



- 3.Hold harmless clause
- 4.Mortgagor clause

-----

354.If a property were located in a flood zone, the borrower would be required by the lender to obtain:

- 1.flood insurance.
- 2.a flood waiver.
- 3.a flood protection letter.
- 4.nothing extra, but the property hazard policy would be looked at more carefully.

-----

355.When hazard insurance on the property lapses, what will the lender do?

- 1.Force placed insurance
- 2.Errors and omissions insurance
- 3.Special mortgage insurance
- 4.An umbrella policy

-----

356.When a property is located in a flood plain, the lender will require flood insurance to be in effect for how long?

- 1.For 10 years, then requires the borrower to obtain a flood protection letter
- 2.Until the LTV reaches below 80%
- 3.Until the LTV reaches 50%
- 4.For the life of the loan

-----

357.Endorsements do not include:

- 1.true and correct address.
- 2.environmental.
- 3.encroachments.
- 4.liens.

-----

358.At what LTV is the lender required to automatically remove private mortgage insurance?

- 1.When the LTV is 78% of the original purchase price or appraised value
  - 2.When the LTV is 80% of the purchase price or appraisal
  - 3.After paying on an FHA loan for five years
  - 4.The lender is never required to “automatically” remove the mortgage insurance
-

359. Which of the following is true concerning hazard insurance on a Freddie/Fannie loan?

1. It is not required when the LTV is less than 50% of the house value.
2. It is required on all loan transactions.
3. It is not required on loan transactions equal to or less than 78% of the house value.
4. It is not required when the LTV is less than 80% of the house value.

-----

360. Which of the following is true concerning title insurance?

1. Borrowers must pay for a lender's policy.
2. Borrowers must pay for a lender's and an owner's policy.
3. Borrowers must pay for an owner's policy.
4. Borrowers do not pay for title insurance, sellers always pay for it.

-----

361. When a Preliminary Title Report shows a judgment, which of the following is true?

1. Borrowers will not get a loan.
2. Judgments have no bearing on mortgages.
3. An indemnification agreement may be required.
4. The judgment must always be paid off.

-----

362. S.A.F.E. Act is the acronym for:

1. Safe And Federal Enforcement Act.
2. Secondary Amortizing Federal Efficiency Act.
3. Safe And Sound Financial Emergency Act.
4. Secure and Fair Enforcement Mortgage Licensing Act.

-----

363. A person, who functions as an intermediary between a lender and a borrower, is known as a:

1. loan officer.
2. loan intermediary.
3. mortgage broker.
4. mortgage lender.

-----

364. A bank, insurance company, savings and loan association, thrift or any lending institution whose loan is regulated by law, is usually known as:

1. the Federal National Mortgage Association.
2. a private mortgage repository.
3. the mortgage broker association.

4.an institutional lender.

---

365.When a lender in the primary mortgage market sells loans to the secondary market in groups of loans that are similar in quality and size, it is referred to as a:

- 1.float agreement.
  - 2.jumbo package.
  - 3.loan pool.
  - 4.conforming loan bundle.
- 

366.FHLMC (Freddie Mac) is best characterized as:

- 1.a government owned organization that approves loans to be purchased from member banks.
  - 2.a government sponsored enterprise, owned and controlled by the U.S. government.
  - 3.a government corporation that deals in mortgage backed securities.
  - 4.a government organization that purchases FHA, and VA loans.
- 

367.FNMA is best described as:

- 1.a government sponsored enterprise that buys closed loans.
  - 2.a government owned and controlled organization that oversees FHA and VA loans.
  - 3.a government owned organization that approves loans to be purchased from member banks.
  - 4.a government owned corporation that participates in mortgage backed securities.
- 

368.The underwriter will require verification of employment. Which of the following will NOT serve this purpose?

- 1.A notarized affidavit from the borrower
  - 2.Telephone call to the employer by the loan processor
  - 3.Paycheck stubs
  - 4.A written letter or completed form directly from the employer
- 

369.To satisfy a lender's requirement to verify a prospective borrower's income, a lender will typically want to see employment history for the past:

- 1.three years.
- 2.one year.
- 3.five years.

4.two years.

-----  
370.If the ratios needed to qualify the buyer were expressed as 28/36, it would mean:

- 1.the income ratio must fall between 28 and 36.
- 2.the debt ratio must fall between 28 and 36.
- 3.the debt to income ratio or housing ratio is 28% and the total debt to income ratio is 36%.
- 4.the debt or back end ratio is 28 and the front end is 36.

-----  
371.There are two ratios commonly used to qualify the buyer. What are they?

- 1.Debt ratio and net income ratio
- 2.Investment ratio and mortgage ratio
- 3.Income ratio and expense ratio
- 4.Housing ratio and total debt ratio

-----  
372.Long term debts are those that have payments remaining for more than:

- 1.10 months.
- 2.6 months.
- 3.12 months.
- 4.28 months

-----  
373.On the loan application, the term of the loan should be entered in number of:

- 1.years.
- 2.days.
- 3.months.
- 4.units.

-----  
374.When filling out the loan application, amounts entered should be rounded to the nearest:

- 1.\$100.00
- 2.\$50
- 3.\$1,000.00
- 4.\$1.00

-----  
375.Conforming loans most often use a loan application 1003 known as the:

- 1.Uniform Residential Loan Application.

- 2.Short Form Residential Loan Application.
- 3.GNMA Residential Loan Application.
- 4.Freddie Mac form 92900A.

-----

376.The primary purpose of the loan application is to determine the borrower's:

- 1.purpose for obtaining the loan.
- 2.collateral and the value of the collateral.
- 3.stability, ability, and willingness to repay the loan.
- 4.need for the loan.

-----

377.A borrower must provide copies of their business tax returns if they own what percent of the business?

- 1.5-10%
- 2.10-15%
- 3.15-25%
- 4.25% or more

-----

378.The Verification of Mortgage (VOM) must be provided for all existing mortgages and be sent to the underwriter by the:

- 1.processor.
- 2.title company.
- 3.borrower.
- 4.real estate agent.

-----

379.The Acronym (ATR) stands for:

- 1.Ability to Rescind
- 2.Ability to Repay
- 3.Ability to Resign
- 4.Ability to Review

-----

380.Self-employed borrowers must provide Federal Tax Returns, including all applicable schedules for the previous:

- 1.one year.
- 2.three years.
- 3.two years.

4.four years.

---

381.Which of the following is NOT true about the VOE?

- 1.It must be provided for all employed applicants, and must be fully completed, signed, and dated .
  - 2.It must be sent directly by the processor to the employer.
  - 3.It must be signed by the personnel department or the borrower's superior. 4.It can be sent electronically to the borrower to be presented to the lender.
- 

382.The written (VOE), is also known as:

- 1.Verification of Equal Opportunity
  - 2.Verification of Extra Employment
  - 3.Verification of Extra Income
  - 4.Verification of Employment
- 

383.On the application, property tax is entered in the amount that will be paid:

- 1.annually.
  - 2.Property tax is not entered any where on the application.
  - 3.monthly.
  - 4.quarterly.
- 

384.Included with the application is a “Continuation Sheet.” What is the purpose of this form?

- 1.To note the financial obligations of the buyer and seller
  - 2.Space for information or explanations for which there isn't sufficient room on the application
  - 3.List the verifications associated with income
  - 4.Provide a summary of the entire transaction
- 

385.Business income is derived from a sole proprietorship and is calculated on which of the following tax forms?

- 1.Schedule C
- 2.Schedule E
- 3.Form 1099
- 4.W-2

386. Which of the following would NOT be counted as income?

1. Income from a Trust
2. Payments from a note or mortgage that will continue for at least the next 36 months
3. VA fully authorized education benefits
4. Part-time income, if verified that it has not been interrupted for the past two years and is likely to continue

-----  
387. Rental income can be verified by any of the following methods EXCEPT:

1. copies of all rental agreements.
2. written statement in the form of a notarized affidavit from the borrower certifying that the rent was actually received.
3. IRS Schedule E.
4. two years of tax returns.

-----  
388. If dividends and interest received are being used as income, the borrower must show documentation that they have been received for at least the past:

1. two years.
2. three years.
3. one year.
4. five years.

-----  
389. Which of the following is NOT required for bonuses and overtime to be counted as income?

1. The borrower must establish a positive trend for bonus and overtime income.
2. The employer must verify that the borrower has received the bonuses and overtime for the past two years and that it is expected to continue.
3. If the bonuses and overtime is more than 25% of the total income, the borrower must prove the income with two years of signed tax returns.
4. The borrower must show that the total of bonuses and overtime has been decreasing for the past two years, and that this trend will continue.

-----  
390. Base employment income must be verified by:

1. current year-to-date pay stubs and three year's W-2 Forms.
2. two years of W-2 Forms.
3. most recent and current year-to-date pay stubs and the past two year's W-2 Forms.
4. The IRS does not encourage the use of W-2 Forms for employment verification since it may be ruled an invasion of privacy.

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391. Most lenders see that a credit score may raise serious questions about a borrower's willingness to repay debts if the score were lower than:

1. 680 -699.
2. 640-659.
3. 700-719.
4. 620-639.

-----  
392. You want to open a mortgage brokerage and have talked to several lenders. Before you started doing business with them, what would you need to have?

1. Wholesale broker agreements
2. An attorney on retainer
3. An in-house underwriter
4. A processor with experience

-----  
393. Under which of the following circumstances would a repurchase, or buyback, NOT happen?

1. The borrowers never made any payments.
2. The borrowers are in default within the first few months.
3. During the term of the loan the borrowers were late on a few payments.
4. The secondary lender discovered fraud in the application.

-----  
394. The borrowers wanted to expedite the home-buying process so they got a pre-approval. Which statement best describes their situation?

1. They may or may not get the loan from the lender who gave the pre-approval.
2. They will get the loan, but the interest rate may be different than originally quoted.
3. They will definitely get the loan if they paid a non-refundable deposit to the lender.
4. They will not get the loan, but now know what they qualify for.

-----  
395. A borrower purchasing an investment property must have how many months of payments in reserve?

1. 6 months
2. 3 months
3. 2 months
4. No months are required

396. In computing debt ratios, which of the following would NOT be considered?



- 1.Second mortgage
  - 2.Car payment
  - 3.Hazard Insurance
  - 4.Health insurance premiums
- 

397.Front end ratios do NOT include which of the following?

- 1.Principal and interest
  - 2.Hazard insurance
  - 3.Rent Payment
  - 4.Property taxes
- 

398.Which loan has the priority lien?

- 1.The loan with the lowest rate
  - 2.The loan that is called the first mortgage
  - 3.The loan that has the largest balance
  - 4.The loan that was recorded first
- 

399.Which of the following does a standard Freddie/Fannie credit report contain?

- 1.A statement regarding future credit worthiness of a borrower
  - 2.Credit inquiries from insurance companies
  - 3.Payment amounts only for reported debts
  - 4.Debts a person may owe
- 

400.Which of the following situations always require full tax returns as documentation of income?

- 1.When proof of hourly wages are needed
  - 2.When verifying self-employment income
  - 3.Full tax returns are never required just the Adjusted Gross Income on the first page
  - 4.When receiving W-2 only income
- 

401.Which of the following would NOT be a good source to establish credit history when a borrower does not have a traditional credit score?

- 1.Employment history
- 2.Rent history
- 3.Utility ratings
- 4.Insurance payment history

-----  
-----  
402. Which of the following situations would NOT require full tax returns to support a loan application?

1. When a borrower owns other real estate with an income or loss reported
2. A borrower on Social Security
3. An employee with bonus income exceeding 25% of total income
4. When a borrower is employed by a family member

-----  
403. How long before a discharged bankruptcy will be removed from a credit report?

1. Never
2. 5 years
3. 7 years
4. 10 years

-----  
404. Which of the following is NOT a scoring system lenders use to evaluate credit?

1. Equifax BEACON
2. Trans Union EMPIRICA
3. Altera SCORE
4. Experian FICO

-----  
405. The borrower is applying as self-employed. An underwriter would deal with the Schedule A and 2106 expenses by:

1. subtracting unreimbursed business expenses.
2. adding unreimbursed personal expenses to the income.
3. adding expenses to the income.
4. subtracting expenses from the income.

-----  
406. Income used to qualify must have been received for 2 years and be likely to continue for at least:

1. 3 years.
2. 5 years.
3. 1 year.
4. Indefinitely.

407. Which of the following is true when taking a loan application?

1. Borrowers must fill in the government monitoring (HMDA) section.
2. Borrowers must provide their birthdates, ages of children and marital status.

3. Borrowers must decide on their loan program at application.
4. Borrowers must sign initial loan disclosures within 3 business days.

-----

408. The borrower wants to buy an investment property. Which of the following would NOT be calculated in the back-end ratio?

1. Health insurance
2. Car payment
3. Primary residence payment
4. Investment property HOA fees

-----

409. Your borrower wants to buy an investment property. Which of the following would be used in calculating the housing ratio?

1. Primary residence utilities
2. Investment property utilities
3. Primary residence payment
4. Investment property reserves

-----

410. NMLS is the acronym for:

1. National Mortgage Licensing System.
2. Nations Management License System.
3. Nationwide Mortgage Loan System of Licensure and Registration.
4. Nationwide Multistate Licensing System and Registry

-----

411. When verifying income for a loan, the borrower's pay-stubs should NOT:

1. clearly identify the borrower as an employee.
2. identify the pay period.
3. be handwritten by the employee.
4. show Year-To-Date earnings.

-----

412. An underwriter does all of the following EXCEPT:

1. determine that the seller has the legal right to sell the property.
  2. determine if the loan is in compliance with investor criteria.
  3. determine the credit worthiness of the borrower.
  4. determine the acceptability of collateral.
-

-----  
413. When an underwriter is manually underwriting a Freddie Mac/Fannie Mae loan without compensating factors, what is the maximum debt ratio allowed?

- 1. 3.34%
- 2. 2.41%
- 3. 3.36%
- 4. 4.38%

-----  
414. What might the results be for a loan officer, if within two months of granting a refinance loan, the borrowers went to another lender who offered a lower rate and refinanced again?

- 1. The MLO's company may have to pay a premium recovery.
- 2. The wholesale broker agreement may automatically be cancelled.
- 3. The initial investor could sue for interest not earned.
- 4. The MLO could sue the borrowers for unethical behavior.

-----  
415. On an appraisal what are the maximum allowed adjustment percentages?

- 1. Net 5% and Gross 15%
- 2. Net 10% and Gross 20%
- 3. Net 15% and Gross 25%
- 4. Net 20% and Gross 30%

-----  
416. When purchasing a non-owner occupied property, the top ratio uses the:

- 1. applicant's current housing expense.
- 2. current housing expense and the expense of the new property.
- 3. expense of the property being purchased.
- 4. combined housing expenses of all properties owned.

-----  
417. Mortgage Insurance Premium (MIP) would be used for which of the following loans?

- 1. VA loans
- 2. Secondary financing
- 3. FHA loans
- 4. Conventional loans

Correct Choice:

3

418. A borrower wants to get an FHA loan, but a judgment appears on his credit report. Which of the following represents how the judgment will be treated?

1. As long as the judgment was over one year ago, it has no bearing.
2. With a letter of explanation, the borrower may be approved for an FHA loan.
3. The judgment usually must be paid.
4. If the judgment was over two years ago, it will have no bearing.

-----

419. Which of the following circumstances does NOT warrant a loan officer inquiring about a spouse?

1. When they are visually seen together by the MLO
2. Income from the spouse will be used to qualify for the loan
3. When the spouse will be obligated on the loan
4. When inquiring about liabilities

-----

420. With a conventional loan, what source of down payment is NOT acceptable?

1. Bonus from an employer
2. A secured loan
3. Cash on hand which is not verifiable
4. The documented sale of an asset

-----

421. According to Fannie/Freddie guidelines, how long is a credit report good for?

1. 90 days
2. 30 days
3. 60 days
4. 120 days

-----

422. You can pay off a FHLMC/FNMA loan without a penalty:

1. after 1 year.
2. after three years.
3. any time during the life of the loan.
4. when the LTV is 80% or below.

-----

423. A mortgage company is giving a borrower an FHA 1-year ARM. Which of the following is true?

1. There is no maximum for changes to the index.

- 2.The margin never changes.
- 3.The loan is funded by HUD.
- 4.The index can only change a max of 1% per year.

-----

424.If the borrowers wanted to be sure that the interest rate available at the time of their application would be the same when they closed on their home purchase, they would want:

- 1.to "buy down" the interest rate.
- 2.to pay an YSP/SRP to ensure the rate.
- 3.to "lock" their interest rate.
- 4.discount points to obtain the rate.

-----

425.Which of the following is asking for the manner in which title will be held?

- 1.Periodic tenancy
- 2.Tenancy for years
- 3.Common Joint tenancy
- 4.Joint tenants with full rights of survivorship

-----

426.When a trust deed (or deed of trust) is recorded, which of the following is true?

- 1.Ownership is conveyed
- 2.A lien is released
- 3.An lien is created
- 4.It verifies both the lender and borrower signed the document

-----

427.Which of the following is the best comparable to use for a loan?

- 1.An almost identical home, recently sold in foreclosure
- 2.Three similar homes currently listed on the same street
- 3.A similar home that is currently under contract
- 4.A recently sold home, in the neighborhood, similar to the subject property

-----

428.Land is given as a separate value in which of the following appraisal methods?

- 1.Cost approach
  - 2.Income method
  - 3.Market or sales approach
  - 4.Land is never given a separate value
-

429. The most commonly used conventional underwriter guidelines are established by:

1. Federal Reserve.
  2. VA/FHA.
  3. GNMA and FNMA.
  4. FNMA and FHLMC.
- 

430. A fee charged to the borrower by lenders to cover such costs as preparation of documents and other services provided by the primary lender and computed as a percentage of the loan is known as:

1. P.O.C. (paid outside of closing).
  2. an origination fee.
  3. yield spread premium.
  4. discount point(s).
- 

431. A yield spread premium occurs when:

1. an interest rate is charged above the par rate and is a credit to the borrower.
  2. an interest rate is charged below the par rate and is a credit to the borrower.
  3. an interest rate that is equal to the lender's par rate is charged.
  4. the mortgage rate is bought down.
- 

432. An affiliated business arrangement must be given if there is what percent of an ownership interest?

1. 1% ownership
  2. over 10% ownership
  3. a 25% ownership
  4. If more than 5% is owned the affiliated company cannot be used
- 

433. Which of the following is true about asking a borrower questions about divorce?

1. Asking questions about divorce is permissible if there is any documentation in the loan file that suggests a divorce.
  2. Questions about divorce are always allowed.
  3. If you suspect a divorce based on visual evidence, questions may be asked.
  4. Questions about divorce are never allowed.
- 

434. Underwriters calculate overtime income for a loan by:

- 1.using a year-to-date average of the overtime income.
- 2.taking a one year average of the overtime income.
- 3.taking a two year average of the overtime income.
- 4.never allowing overtime income.

-----

435.On an interest-only loan of \$216,000, 30 years, at 7.25% interest, how much interest would be paid in nine months?

- 1.\$11,745.00
- 2.\$12,933.75
- 3.\$11,236.96
- 4.\$12,997.63

-----

436.For income from alimony and child support to be recognized as income, the remaining term of such income must exceed:

- 1.five years.
- 2.three years.
- 3.seven years.
- 4.one year.

-----

437.When a file is being manually underwritten, the Fannie/Freddie maximum qualifying ratios are:

- 1.28/36.
- 2.28/43.29/41.
- 4.25/39.

-----

438.How much money is required for fire insurance on a refinance at settlement?

- 1.14 months
- 2.1 year
- 3.2 months
- 4.Whatever is needed to renew coverage when the insurance expires

-----

439.What can you tell a borrower about a 7/1 ARM?

- 1.The interest rate may go up only 1% each year for 7 years.
- 2.The interest rate is locked for the first year and may only go up 7% over the life of the loan.
- 3.The interest rate may only go up 7% over the life of the loan starting the 1st year.



4.The interest rate is fixed for the first 7 years then is a variable interest rate.

-----  
440.Which of the following would NOT be a purpose of a “cash-out refinance”?

- 1.Increase the amount of the existing first mortgage and provide cash to the borrower
- 2.Refinance at a lower interest rate, reducing the monthly payments; and increase the balance to provide immediate cash
- 3.Refinance at a lower loan amount, by providing a significant amount of cash to make up the difference
- 4.Pay off a second mortgage with the cash

-----  
441.What is the appraiser most interested In when determining the value of an income property?

- 1.Future projections of expenses and rents
- 2.Location
- 3.Interest rates
- 4.Cash flow

-----  
442.Which of the following statements best describes Form 1008?

- 1.FHA loan application
- 2.FNMA/FHLMC loan application
- 3.Transmittal summary
- 4.Underwriter request for more information

-----  
443.Discount points would only be used if the interest rate offered to the borrower were which of the following?

- 1.Above par
- 2.The prime rate
- 3.Below par
- 4.Par or anything above par

-----  
444.Which of the following is true concerning Service Release Premium (SRP)?

- 1.Loan term is a factor of the SRP
  - 2.Type of loan does not affect the SRP
  - 3.The interest rate is a factor of the SRP
  - 4.There is no such thing as SRP
-

445. The buyers purchased a home for \$175,900. They put 10% down, and were charged an origination fee of 1% and discount points of 2.5%. How much money did the buyers have to bring to cover the origination fee and discount points?

1. \$5,540.85
2. \$6,156.50
3. \$18,350.00
4. \$24,130.25

-----

446. If the borrower's monthly gross income was \$6,000 and the monthly housing expense was: first mortgage payment, \$900; monthly property tax \$110; monthly hazard insurance \$28; and monthly mortgage insurance \$60, what is the housing ratio or front end ratio?

1. 15.00%
2. 16.00%
3. 18.30%
4. 17.30%

-----

447. Which of the following sources of income would NOT be allowed on a conforming conventional loan?

1. Salary income when the borrower has worked for only 6 months
2. Social Security income
3. Income from a rental property that has been owned only 2 years
4. Child support received for a 16 year old child

-----

448. Which of the following circumstances would disqualify the use of income generated from a basement apartment in qualifying for a Freddie/Fannie loan?

1. Property was appraised as a single-family dwelling
2. The property is zoned for 2-4 units
3. LTV is calculated as a 2-unit property
4. The apartment was vacant for 4 months

-----

449. What would the lender use to compute the adjustment on an ARM loan?

1. Periodic annual and lifetime caps
  2. Margin and Index before the loan is locked, the index after the loan is locked and the rate caps
  3. Margin, Index, and APR
  4. Index and APR
-

450. Who reviews all the loan documents, verifications, and gives final approval or disapproval to a loan?

1. Director of Loans
2. Loan officer
3. Loan processor
4. Underwriter

-----

451. A person was purchasing an income property which was scheduled to close and fund on June 25th. Rent of \$1800 was paid for the month of June on the 1st. What was the buyer's proration amount?

1. \$300
2. \$210
3. \$296
4. \$360

-----

452. Non-conforming or jumbo loans are generally restricted to certain types of property. Which of the following typically IS allowed to receive these loans?

1. Condominiums
2. PUD's
3. Second homes
4. Single family residences over \$417,000

-----

453. When purchasing a 2-4-unit property according to FHLMC/FNMA guidelines, how many months of reserves are required?

1. 6 months
2. 1 month
3. 3 months
4. 1 year

-----

454. When doing an appraisal, the appraiser, unless specifically instructed otherwise, will consider the financial part of the transaction to be:

1. cash or cash equivalent.
2. a loan with a reasonable down payment.
3. a high down payment of at least 20%.
4. The appraiser is not concerned with the financial part of the transaction.

-----

455. When the borrowers pay a fee to get a lower interest rate, but the interest rate will not remain at that level for the life of the loan, but over time will raise to the quoted fixed rate. What is this called?

1. Origination fee
2. Buy down fee
3. Discount points
4. Adjustable rate

-----

456. Which of the following is true concerning the YSP?

1. YSP is credit to the borrower.
2. YSP is the same for every lender.
3. YSP is what a broker will pay for originating a loan below par.
4. Banks are not allowed to receive a YSP.

-----

457. The borrower applies for a loan and asks about tax impacts. Which of the following should be told to the borrower by the MLO?

1. Origination fees are tax deductible.
2. Get tax advice from a trusted friend.
3. Speak with a tax advisor for tax deductibility.
4. Mortgage interest is tax deductible.

-----

458. According to the SAFE Act the only traditional loan in America today is:

1. a 30 year fixed rate.
2. any fixed rate loan.
3. a 30 or 15 yr. fixed rate loans.
4. Any loan that is not an ARM.

-----

459. Borrowers come to you for a mortgage loan. Which of the following would be appropriate to tell them about a fixed-rate mortgage?

1. Some have up-front fixed fees, but not all.
2. The rate is fixed for a time, and then may adjust.
3. The up-front fees are fixed.
4. The interest rate never changes.

-----

460. When would a subordination agreement be appropriate?

- 1.A first mortgage is being refinanced and doesn't want to lose priority to an existing 2nd mortgage.
- 2.A first mortgage is being paid off, and the holder of the second mortgage wants to ensure they will have first priority.
- 3.A second mortgage is obtained, and the lender wants to ensure that it will be second in priority.
- 4.Subordination clauses are never used in the creation of loans, since they create confusion as relates to priority.

-----

461.The best appraisal method to be used for a single family residence would be:

- 1.market, sales or comparison approach.
- 2.income approach.
- 3.cost approach.
- 4.gross rent multiplier approach.

-----

462.Which of the following is the most correct concerning a trust deed?

- 1.It must be signed by the borrower and the lender in order to make it legally enforceable.
- 2.It encumbers the borrower's title to the real estate.
- 3.It conveys title to the property.
- 4.It allows the lender to occupy the premises.

-----

463.The 1003 is which of the following?

- 1.The Underwriting Transmittal
- 2.The Uniform Residential Loan Application
- 3.The Uniform Residential Appraisal Report
- 4.The APR disclosure

-----

464.Which of the following is not an acceptable source for the borrower's down payment on a Fannie Mae loan?

- 1.Funds the borrowers have saved in their checking account
- 2.Funds from an inheritance
- 3.A secured loan from a car that the borrowers own
- 4.A cash advance from a credit card if it doesn't show on the credit report

-----

465.Regarding a balloon loan, which is the most correct?

- 1.The balloon is disclosed to the client on the HUD-1 settlement statement.

- 2.The balloon is disclosed to the client on the insurance documentation.
- 3.The balloon is disclosed to the client on the Trust Deed.
- 4.The balloon is disclosed on the Note and the Trust Deed Rider.

-----  
466.Which is not included in debt-to-income ratio?

- 1.Netflix monthly fee
- 2.MI on an FHA loan
- 3.HOA dues not included in the house payment
- 4.Credit card debt

-----  
467.What is the name of Freddie Mac's automated underwriting system?

- 1.Loan Prospector
- 2.Desktop Underwriter
- 3.Desktop Originator
- 4.FHLMC Loan Underwriter

-----  
468.Which of the following is not included in a credit score?

- 1.Items from public records
- 2.Income information
- 3.A good rating of how someone has paid
- 4.A bad rating of how someone has paid

-----  
469.Which is not a credit reporting agency?

- 1.Equifax
- 2.TransUnion
- 3.Experian
- 4.MGIC

-----  
470.What is the name of Fannie Mae's automated underwriting system?

- 1.Encompass
  - 2.POINT by Calyx
  - 3.Loan Prospector
  - 4.Desktop Underwriter
-

471.A discount point is best described as a charge that the borrower pays to:

- 1.a lender to decrease the interest rate on a mortgage loan.
- 2.a mortgage broker at the time of application to obtain a favorable rate.
- 3.the seller as part of the closing costs of a loan.
- 4.a lender to protect against foreclosure.

-----

472.URAR is the acronym for:

- 1.Uniform Residential Appraisal Report
- 2.Uniform Real Estate Appraisal Report
- 3.Universal Real Estate Appraisal Report
- 4.Universal Residential Appraisal Report

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473.PR is the generally accepted acronym for:

- 1.Premium Title Report
- 2.Present Time Reclamation Association
- 3.Preliminary Title Report
- 4.Preliminary Tax Report

-----

474.PMI is the acronym for:

- 1.Preliminary Mortgage Investigation
- 2.Private Mortgage Insurance
- 3.Premium Mortgage Insurance
- 4.Primary Mortgage Insurance

-----

475.MIP is the acronym for:

- 1.Mortgage Interest Prediction
- 2.Multi Interest Prevention Act
- 3.Mortgage Insurance Premium
- 4.Malpractice Investigation Penalty

-----

476.COFI is an Index used in which district?

- 1.11th District
- 2.The Federal District
- 3.Cost of Funds Index District

4. Cost of Funds Index

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477. GNMA is the acronym for:

1. Government Non-institutional Mortgage Act
  2. Government National Money Act
  3. Government National Mortgage Association
  4. Government National Monetary Association
- 

478. FNMA is the acronym for:

1. Federal Non-institutional Mortgage Administration
  2. Federal National Mortgages Act
  3. Federal National Mortgage Association
  4. Federal National Monetary Association
- 

479. Which of the following is not included in background checks for MLO candidates?

1. Submitting fingerprints for a criminal history check
  2. Submitting personal history and experience
  3. Authorizing the NMLS or regulator to obtain a credit report
  4. Questioning of friends, coworkers, or family members regarding personal character
- 

480. All of the following changes are because of The Dodd–Frank Wall Street Reform and Consumer Protection Act except?

1. The Consumer Financial Protection Bureau (CFPB)
  2. The definition of a Qualified Mortgage (QM)
  3. The Ability to Repay Rule (ATR)
  4. The Red Flag Rule (RFR)
- 

481. Which organization helps develop model legislation applicable to the administration and regulation of mortgage lending?

1. MERS
  2. USPAP
  3. CSBS/AARMR
  4. NAR
-



482. What is an amortized loan that has a final payment due earlier than the term to fully pay off the loan called?

1. Balloon loan
2. Construction loan
3. Reverse mortgage
4. Adjustable Rate Mortgage

-----

483. HMDA reports are due to the regulator by which of the following dates?

1. January 1st
2. March 1st
3. June 1st
4. December 31st

-----

484. When is the funding on a residential construction loan made?

1. At the time the loan documents are signed
2. Periodically, as the home is being built
3. When the home is complete and an occupancy permit issued
4. When the filing period for all mechanics liens has expired

-----

485. RESPA requires disclosure to the consumer of:

1. any affiliated business arrangement (AfBA).
2. the annual percentage rate (APR).
3. the number of business days before settlement.
4. use of race, ethnicity and gender for government reporting purposes.

-----

486. A minority borrower is refused a loan because the neighborhood that they have chosen has a high number of foreclosures. This is an example of what illegal practice?

1. Blockbusting
2. Rating
3. Redlining
4. Steering

-----

487. The borrower knows that he has derogatory credit. He convinces his brother who has better credit and income to apply. The brother of the borrower is considered a(n):

1. identity thief.

- 2.investor.
- 3.mortgage rescuer.
- 4.straw buyer.

-----

488.What federal legislation prohibits the exchange of information between consumer creditors under certain criteria?

- 1.Equal Credit Opportunity Act
- 2.Fair Credit Reporting Act
- 3.Gramm-Leach-Bliley Act
- 4.Truth in Lending Act

-----

489.Which of the following information will an MLO not gather on a loan application?

- 1.Employer, age of borrowers and monthly income
- 2.Current and Future income
- 3.Social Security number and ages of children
- 4.Schedule of property currently owned

-----

490.If a mortgage loan originator (MLO) consummates a loan while his license is suspended or revoked, the loan is:

- 1.closed, nothing needs to be done.
- 2.fraudulent and will need to be immediately repaid.
- 3.valid but the MLO violated the law.
- 4.void and will need to be rewritten.

-----

491.When is it acceptable to discourage a borrower from making a formal loan application due to the fact that the borrower receives income from public assistance?

- 1.When the credit score is below normal loan parameters
- 2.It is never correct to discourage a borrower from applying for a mortgage loan
- 3.When the income is below the government disclosed poverty line
- 4.When the loan size makes it a non-conforming loan

-----

492.Which of the following requires the lender to disclose to borrowers the possibility that their loan will be sold, assigned or transferred to another?

- 1.Affiliated Business Arrangement Disclosure
- 2.GFE

- 3.Mortgage Servicing Disclosure
- 4.Service Providers List

-----

493.Which rule mandates disclosure to consumers that mortgage relief providers have no connection to any government program or agency?

- 1.Home Mortgage Disclosure Act
- 2.Fair and Accurate Credit Transactions Act
- 3.MARS Rule
- 4.Safeguards Rule

-----

494.Which one of the following statements about the UFMIP on FHA loans is correct?

- 1.It cannot be financed into the loan
- 2.It must be paid only by the buyer at closing
- 3.A portion of the MIP could be prorated if the loan is refinanced within three years into another FHA loan
- 4.There is never an annual premium if it is all paid up-front

-----

495.Which of the following is not an index that is typically used for adjustable rate mortgages?

- 1.CMT
- 2.COFI
- 3.HELOC
- 4.LIBOR

-----

496.According to the Fair Credit Reporting Act, which of the following does not entitle a borrower to a free copy of his credit report?

- 1.An applicant was refused credit due to insufficient income
- 2.A consumer has placed an alert in the credit report while serving in the military
- 3.A consumer was a victim of identity theft and a fraud alert included in the credit report
- 4.The credit file contains inaccurate information as a result of fraud

-----

497.What is the maximum fee an MLO can charge for completing the Truth in Lending Disclosure Statement if properly disclosed?

- 1..125% of the loan amount
- 2.250 of the closed loan amount borrowed.
- 3.\$100.00 is the maximum fee allowed
- 4.There can be no fee charged for the TIL

-----  
498. Which of the following financial institutions originates the largest amount of residential mortgage loans without necessarily using its depositors' funds?

1. Commercial banks
2. Credit Unions
3. Savings & Loan
4. Thrifts and Loan

-----  
499. What is the guideline regarding length of history for a second job to be included as qualifying income?

1. 6 months
2. 1 year
3. 2 years
4. 3 years

-----  
500. Under FHA loan rules, effective June 2013, loans beginning at 90% LTV or more will pay an annual mortgage insurance premium (MIP):

1. for at least 11 years.
2. for the life of the loan.
3. until the LTV reaches 78%.
4. until the LTV reaches 80%.

-----  
501. An MLO advertises a low interest rate for qualified applicants. A prospective borrower meeting the qualifications applies. The MLO moves the borrower into another loan which makes more profit to the lender. This is an example of:

1. Ponzi scheme
2. Bait and switch
3. Extortion
4. Loan flipping

-----  
502. Surrender of an MLO license does not affect the MLO's:

1. ability to originate loans as an employee for a licensed lender.
2. civil or criminal liability for acts committed prior to the surrender.
3. ability to process loans as a contract processor.
4. ability of taking loan applications as an independent contractor.

-----  
503. Which two regulations require timely disclosures be provided to the borrower within three business days of a 1003?

1. Regulation B and Regulation C
2. Regulation H and Regulation Z
3. Regulation G and Regulation X
4. Regulation X and Regulation Z

-----  
504. The relationship between the loan amount and the total amount financed, represented as a percentage, is known as:

1. an ARM.
2. the APR.
3. a discount point.
4. the note rate.

-----  
505. A requirement in the Dodd-Frank Act requires qualified mortgages (QM) to have/to be:

1. a Balloon payment.
2. fully amortizing.
3. interest only payments.
4. negative amortization.

-----  
506. Which form is used most frequently for residential appraisals?

1. HVCC
2. URAR
3. USPAP
4. 1025

-----  
507. Which of the following fraud situations does not involve a straw buyer?

1. A borrower using a relative
  2. A borrower manipulating a paystub to qualify for a loan
  3. A borrower agreeing to a loan under his name even though he never intends to live in the house or to make the payments.
  4. Two friends scheme to save a home from foreclosure, one friend taking out a loan as owner occupied and the other living in the home
-

508. Which of the following situations is not a red flag that illegal flipping may be taking place?
1. A group of sellers and buyers changing ownership of one property among them
  2. An inflated appraisal
  3. Purchasing and remodeling a house and selling it for a quick profit
  4. A series of sales within a short period of time such as multiple sales within the last 12 months

- 
509. The borrowers are purchasing a house with a sales price of \$300,000 they put 30% as a down payment. If they paid \$3,150 in points, how many points does that represent?

1. 1.05
2. 2
3. 2.25
4. 1.5

- 
510. Each loan originator is identified in the NMLS database by:

1. a license number.
2. a unique identifier.
3. his/her Social Security number.
4. employing the mortgage loan originator.

- 
511. When the interest rate floats, it means which of the following?

1. That the interest rate cannot go up but can go down
2. That the interest rate can continue to go up or down until it is locked
3. That the interest rate cannot go down but can go up
4. That the interest rate cannot go down or up

- 
512. If a Mortgage Loan Originator (MLO) cannot close a loan, he/she can refer the loan to another MLO who can close the loan. Can the referring MLO receive a referral fee?

1. A referral fee is earned and should be paid to the first MLO.
2. A referral fee can be paid as long as it is disclosed on the Settlement Statement (HUD-1).
3. Paying a referral fee is against RESPA.
4. Paying a referral fee is allowed if the borrower approves it.

- 
513. When a lender learns that a property is in a flood zone, the lender must do which of the following?

- 1.Place flood insurance on the property at a cost to the borrower
- 2.Must immediately call the entire unpaid principle balance due and payable
- 3.Begin foreclosure in order to protect its financial interest
- 4.Notify the borrower of the flood insurance requirement and have the borrower purchase flood insurance

-----

514.When the mortgage loan amount is at 78% LTV or less of the purchase price of the home, private mortgage insurance:

- 1.will be cancelled upon written request of the borrower.
- 2.will be cancelled automatically by the title company.
- 3.will be cancelled automatically by the lender.
- 4.will be required for the life of the loan.

-----

515.When an FHA mortgage loan amount is at 95% LTV and has a term longer than 15 years the mortgage insurance premium:

- 1.will be required for the life of the loan.
- 2.can be cancelled upon written request of the borrower.
- 3.may be cancelled automatically by the title company.
- 4.may be cancelled automatically by the lender.

-----

516.For a property purchased for \$225,000 with a first mortgage loan amount of \$150,000, and a HELOC for 25,000 the LTV and CLTV are?

- 1.LTV 77% / CLTV 77%
- 2.LTV 66% / CLTV 77%
- 3.LTV 77% / CLTV 66%
- 4.LTV 150% / CLTV 128%

-----

517.Which of the following would be considered a red flag in an owner occupied refinance loan?

- 1.The borrower owns a second home further than 50 miles away.
- 2.The borrower lives with his/her parents in the subject property.
- 3.The borrower owns another home in the same neighborhood.
- 4.The borrower resides in a home in the same neighborhood as subject property

-----

518.The purpose of a Market Conditions Addendum is to:

- 1.replace the need for a full appraisal.

- 2.reveal prior marketing efforts by any realtor.
- 3.provide the lender with an understanding of the market trends and conditions in the subject property.
- 4.provide the lender/client with a clear and accurate understanding of the market trends and conditions prevalent in the subject neighborhood.

-----

519.One of the acknowledgments in the signature section of the 1003 loan application, signifies that:

- 1.both the MLO and the borrower acknowledge that the borrower has received all appropriate disclosures.
- 2.the borrower commits to the repayment of the loan if granted.
- 3.the borrower represents that all information contained in the form is the truth.
- 4.the MLO has properly explained all blanks on the 1003 loan application.

-----

520.What gross percentage of variance on an appraisal report is tolerable when evaluating comparables?

- 1.25
- 2.15
- 3.20
- 4.10

-----

521.Approval of a reverse mortgage application will be largely based on which of the following?

- 1.The borrower's income
- 2.The borrower's credit report
- 3.The borrower's equity
- 4.The current loan interest rate

-----

522.How can one calculate monthly income for an applicant who is paid an hourly wage?

- 1.Weekly income x 52/12
- 2.Weekly income x 12/52
- 3.Hourly wage x 40 x 52/12
- 4.Weekly income x 4

-----

523.What are the Fannie Mae and Freddie Mac guidelines regarding an investment property?

- 1.Rents must be greater than the mortgage payment



2. Borrower must put 20% down
  3. Borrower must have 6 months reserves
  4. Maximum Debt to income ratio is 45%.
- 

524. During the term of a fully amortized loan which of the following is true?

1. the monthly amount going to principle increases
  2. the monthly amount going to interest increases
  3. the monthly payment amount going to principal decreases
  4. the principal balance increases
- 

525. An alternative documentation loan is a type of:

1. subprime loan.
  2. reverse mortgage.
  3. adjustable rate loan.
  4. seller financing.
- 

526. Is a referral fee ever allowed?

1. No, unless disclosed on the HUD and paid for by borrower
  2. No
  3. Only to a disclosed provider
  4. Only to a lawyer that refers a loan
- 

527. What is the federal regulation that implements the Real Estate Settlement Procedures Act?

1. Regulation C
  2. Regulation X
  3. Regulation Z
  4. Regulation B
- 

528. What are Fannie Mae and Freddie Mac also known as?

1. Congress owned enterprises
  2. Government supervised but privately owned entities
  3. Government sponsored enterprises
  4. Privately owned entities
- 

529. What is a feature of an ARM?

- 1.A loan amount that never increases
- 2.A monthly payment is regular
- 3.A loan which can adjust at any time
- 4.A loan that has an adjustable feature

-----

530.What is the name of Freddie Mac's automated underwriting software program?

- 1.Loan Processor
- 2.Loan Prospector
- 3.Loan Underwriter
- 4.Loan Originator

-----

531.Which is considered an illegal referral fee?

- 1.A lead generating company getting a higher fee if the lead closes
- 2.MLOs buying leads from a legitimate lead generating company
- 3.MLOs pursuing lead from past borrowers
- 4.An employee of a lead generating company referring a potential borrower to an MLO

-----

532.When is a Notice of Adverse action required when the borrower applies for a loan?

- 1.10 days
- 2.30 days
- 3.60 days
- 4.90 days

-----

533.The borrower uses his home's equity for a mortgage loan for business purposes. The borrower will use \$80,000 to buy restaurant equipment. This loan will be:

- 1.exempt from RESPA because it is a business purpose loan.
- 2.covered by RESPA, as the collateral is a mortgage on the borrower.
- 3.covered by RESPA because it is to an individual no matter the purpose of the loan.
- 4.exempt from RESPA because restaurant equipment loans are not federally related.

-----

534.What is the period between rate changes in an ARM called?

- 1.change period
- 2.index period
- 3.term period

4.adjustment period

-----  
535.MDIA requires the appraisal be given to borrowers:

- 1.1 day before settlement.
- 2.3 days before settlement.
- 3.30 days after settlement.
- 4.Immediately after settlement.

-----  
536.RESPA pertains to:

- 1.appraisal companies.
- 2.title companies.
- 3.the loan process.
- 4.the mortgage insurance process.

-----  
537.How does rate charged for PMI for a 90% loan compare to that for a 95% loan?

- 1.It depends solely on the loan amount
- 2.It is lower
- 3.It is higher
- 4.It is the same

-----  
538.Which of the following is NOT a finance charge in a residential mortgage loan?

- 1.Loan origination fee
- 2.Appraisal fee
- 3.Mortgage insurance premium
- 4.Mortgage broker fee

-----  
539.If original loan amounts, ending maturity dates and interest rates are the same for two loans. The first loan is an interest-only loan and the other loan is fully amortized. Knowing that, which of the following is true?

- 1.The first loan will have a lower interest cost.
  - 2.The other loan will have a balloon payment.
  - 3.The other loan will have higher monthly payments.
  - 4.The first loan will be paid off quicker because it is interest only payments.
-

540. What part about short sale flipping has temporarily been suspended?

1. Immediately selling for a profit after disclosing the dollar amount of all repairs
2. The requirement of full disclosure to both seller and buyer regarding purchase price
3. Buying the property and re-selling within 90 days
4. The need for approval by an underwriter for financing

-----

541. In qualifying the income of a sole proprietor borrower, the originator should consider which of the following to be most important?

1. Form 1040 adjusted gross income
2. Schedule C net income
3. Expenses reported on Form 2106
4. Schedule C net income plus non-cash expenses and depreciation

-----

542. The purpose of Fannie Mae and Freddie Mac is to:

1. make all loans.
2. insure all loans.
3. reinsure or guarantee just FHA and VA loans.
4. provide a source of funds to the primary market mortgage lenders.

-----

543. The purpose of the Equal Credit Opportunity Act is:

1. to ensure that all low-income borrowers are given favorable treatment when applying for a loan.
2. to ensure that all creditors have an equal opportunity to make loans.
3. to ensure that every borrower will get a loan.
4. to ensure that all borrowers are given an equal opportunity to get a loan.

-----

544. A lender who preys upon minority, elderly or recent immigrant borrowers in order to take their home's equity is engaging in:

1. home equity lending.
2. predatory lending.
3. negative amortization lending.
4. equity lending.

-----

545. Loan documentation fraud may include any of the following except:

1. the MLO.

- 2.the lender.
- 3.the borrower.
- 4.the realtor.

-----

546. When a telemarketer calls a person on the do-not-call list the telemarketer is subject to a fine of:

- 1.\$40,000.00
- 2.\$16,000.00
- 3.\$7,500.00
- 4.\$5,000.00

-----

547. It is allowed to discriminate under ECOA if:

- 1.the borrower is too young to enter into legally binding documents.
- 2.the borrower is too old to understand.
- 3.the borrower doesn't speak the same language; you cannot communicate.
- 4.Never

-----

548. When a self-employed borrower is a 25% owner of his business, which of the following documents is required?

- 1.The past two years balance sheets
- 2.The past two years tax returns
- 3.The past two years profit and loss statements
- 4.Articles of incorporation

-----

549. Which of the following is true of an ARM?

- 1.Index rate + margin = ARM rate
- 2.Initial rate + margin = ARM rate
- 3.ARM rate + margin = index rate
- 4.Margin + cap = ARM rate

-----

550. A loan officer creates a marketing plan to make between 2k and 4k per loan. His cousin calls, he agrees to do the 300k loan for .75% commission. This is:

- 1.legal and unethical but okay because he is family.
- 2.illegal and ethical.
- 3.illegal and unethical.
- 4.legal and ethical because he is within his marketing plan.

-----  
551. A loan originator may keep both the:

1. yield spread premium and the origination fee.
2. credit report fee and yield spread premium.
3. discount points and appraisal fee.
4. yield spread premium and discount points.

-----  
552. Relevant financial information about an applicant who applies for an FHA or conventional residential mortgage is entered on:

1. FNMA form 1008.
2. FNMA form 1003.
3. FNMA form 4506T.
4. FHLMC form 95. -----

-----  
553. It is unethical for an MLO to provide the \_\_\_\_\_ in the loan documentation.

1. Social Security number of a client
2. identity of a prior borrower to obtain a loan for a borrower unable to qualify on their own
3. current occupancy of the property
4. employment history of a client

-----  
554. The Truth In Lending Act requires that a borrower be given how many copies of the notice of his right to rescind?

1. 4
2. 3
3. 2
4. 1

-----  
555. According to RESPA, a lender making a purchase loan may collect how many months of hazard insurance at settlement?

1. 12 months
  2. 14 months
  3. Two months
  4. Only what is required to pay the insurance premium
-

556.If the APR on a fixed rate loan increases from the initially disclosed rate by more than which of the following, an additional waiting period is triggered before the loan can close?

- 1..125 percent
- 2..250 percent
- 3..375 percent
- 4..500 percent

-----

557.A lender has how many business days to notify the borrower of an underwriting decision?

- 1.3
- 2.10
- 3.30
- 4.60

-----

558.A loan's APR must be disclosed to the consumer on the:

- 1.GFE.
- 2.Servicing Disclosure Statement.
- 3.Loan Application Register (LAR).
- 4.TIL Statement.

-----

559.A Mortgage Servicing Disclosure Statement is required by what law?

- 1.MDIA
- 2.RESPA
- 3.SAFE Act
- 4.TILA

-----

560.A state law that requires payment of interest on an escrow account is:

- 1.consistent with RESPA and could therefore be enforced by the state.
- 2.in direct violation of RESPA and would therefore be overturned in court,
- 3.inconsistent with RESPA and Federal law would take precedent.
- 4.a violation of RESPA interest is not paid on escrow accounts.

-----

561.A mortgage company telemarketer has been accused of inappropriately calling two consumers on the National Do Not Call Registry. What is the maximum fine the company could face for this violation?

- 1.\$16,000

- 2.\$32,000
- 3.\$40,000
- 4.\$80,000

-----

562. According to RESPA an MLO is considered to have taken an application when the:

1. customer calls to ask about rates and the MLO asks questions.
2. customer calls to inquire about loan programs and the MLO asks questions.
3. MLO has gathered enough information to make a credit decision.
4. MLO provides a possible interest rate.

-----

563. According to HMDA what must be forwarded to the regulator by March 1 of each year?

1. Adverse Action Notices
2. Mortgage Call Report
3. Loan Application Register (LAR)
4. Red Flags Policy

-----

564. According to RESPA, when must an Affiliated Business Arrangement (AfBA) disclosure be provided?

1. At the time of application even if there are no AfBAs
2. At or prior to the time a referral is made if there is an AfBA
3. Within three business days of settlement even if there are no AfBAs
4. Never; TILA, not RESPA, requires this disclosure

-----

565. According to the ECOA an adverse action notice is NOT required to include the:

1. appraiser.
2. credit bureau information.
3. lender.
4. lender reason(s) for denial.

-----

566. According to the FACT Act which of these could be considered a failure to secure private information?

1. Burning old files in a steel drum behind the office once a month
2. Hiring a document destruction company to remove all old files
3. Shredding documents and throwing them in the trash
4. Disposing of documents into the trash bins for the janitorial service to empty nightly



-----  
567. According to the Fair Credit Reporting Act if adverse action is taken against a prospective borrower because of information on a credit report, the lender who used that report is required to:

1. dispute the decision in writing for the customer.
2. provide the agency contact information required for the consumer to obtain a free copy of the credit report used.
3. recommend credit counseling to the borrower.
4. review the credit report with the borrower for inaccuracies.

-----  
568. According to the SAFE Act a mortgage loan originator employed by a federally insured depository institution:

1. is not required to be registered or licensed.
2. must be both registered and licensed.
3. must be registered.
4. must be licensed.

-----  
569. According to TILA how long is the right of rescission for borrowers who have NOT been provided with full and correct disclosures of the APR (within stated limits)?

1. Three business days
2. Thirty days
3. One year
4. Three years

-----  
570. According to the Truth in Lending Act which loan type includes the right to rescind?

1. Construction
2. Non-owner occupied refinance
3. Owner occupied refinance
4. Purchase

-----  
571. The borrower refinances a loan on a Pizza shop. Under the Truth in Lending Act how long will he have to change his mind after he signs the refinance loan papers?

1. There is no right of rescission it is an exempt transaction
  2. 1 business day
  3. 3 business days
  4. 30 days
-

572. An MLO referred his pre-approved borrower to a real estate company that both he and his partner own. According to RESPA the MLO must:

1. also provide a list of alternative real estate companies to the borrower.
2. disclose the relationship only if the borrower asks.
3. give full disclosure to the borrower at or prior to the time the referral is made.
4. not make the referral. Referrals are prohibited by RESPA.

-----

573. When are the funds disbursed for an owner-occupied residential refinance?

1. After the loan documents are recorded
2. At the time of the loan closing
3. Within seven days after the application
4. After the three business-day right of rescission period has expired

-----

574. As the lender looks over the borrower's loan application and is deciding whether or not to make the loan, the lender may consider the:

1. economic health of the borrower.
2. psychological state of the borrower.
3. physical state of the borrower.
4. All of the Above.

-----

575. Assuming there has been no fraud or adverse action, a borrower is entitled to a free copy of his/her credit report:

1. every six months.
2. every year.
3. every 2 years.
4. every 3 years.

-----

576. What does the acronym ECOA stand for?

1. Economic Concern in Outlying Areas
2. Equal Credit Opportunity Act
3. Equality of Credit Obligations Act
4. Equal Credit Originations Act

-----

577. What does FCRA stand for?

1. Factual Credit Reporting Act

- 2.Fair Credit Reporting Act
- 3.Fair Credit Release Act
- 4.Fair Credit Reporting Action

-----

578.HMDA is implemented as what Regulation?

- 1.B
- 2.C
- 3.X
- 4.Z

-----

579.HMDA requires lenders to request what information from applicants in a face to face interview for home mortgage loans?

- 1.Applicant's income
- 2.Number of children the applicant has
- 3.Religion of the applicant
- 4.Source and seasoning of the down payment

-----

580.What does the acronym HMDA stand for?

- 1.Home Mortgage Disclosure Act
- 2.Home Mortgage Discovery Act
- 3.Home Mandated Disclosure Act
- 4.Household Mortgage Disclosure Act

-----

581.What is HOEPA also known as?

- 1.Section 30
- 2.Section 32
- 3.Section 33
- 4.Section 34

-----

- 582.HOEPA is an addendum

of:

- 1.Regulation B.
- 2.Regulation C.
- 3.Regulation X.
- 4.Regulation Z.

-----  
583.An MLO is to be state-licensed if:

- 1.he/she called a borrower to gather missing information needed to complete an application.
- 2.he/she counseled a borrower about loan terms and interest rates.
- 3.he/she explained the GFE sent to a borrower.
- 4.he/she reviewed the borrower.

-----  
584.How many business days after a mortgage loan application does a mortgage loan originator have to mail disclosures to the borrower?

- 1.Four
- 2.Three
- 3.Two
- 4.One

-----  
585.How many hours of annual continuing education are required by the SAFE Act for state-licensed mortgage loan originators?

- 1.3 hours
- 2.8 hours
- 3.11 hours
- 4.20 hours

-----  
586.How often must a lender perform an escrow account analysis to ensure that excess funds are not being kept?

- 1.Once a month
- 2.Twice a year
- 3.Every year on the loan
- 4.Once every two years

-----  
587.If a creditor denies a loan, what document must be sent to the client to inform him of the denial?

- 1.Adverse Action Notice
  - 2.GFE
  - 3.TIL Statement
  - 4.Nothing is required to be sent if the information is verbally relayed to the client
-

588.If a lender transfers the servicing of a mortgage, it must inform the borrower at least how many days in advance of the effective date of transfer?

- 1.15
- 2.30
- 3.60
- 4.90

-----

589.The length of the rescission period for a refinanced mortgage loan is:

- 1.three business days including Saturday and excluding Sunday and holidays.
- 2.three business days including Saturday and Sunday excluding holidays.
- 3.five business days including Saturday and excluding Sunday and holidays.
- 4.three business days excluding Sunday and legal public holidays.

-----

590.A borrower's name is on the National Do Not Call list. At what point after the loan closes and is sold to another company must the MLO stop contacting the borrower to solicit new business?

- 1.Immediately
- 2.After three months
- 3.One year
- 4.18 months

-----

591.Lenders submit Loan/Application Registers in order to comply with what law?

- 1.CRA
- 2.FACT Act
- 3.FCRA
- 4.HMDA

-----

592.An MLO leaves a borrower's file open on his/her desk for just a moment. An Identity thief sees the borrower's credit report which contains a huge amount of information. Fortunately the MLO quickly returns. What potential Federal laws is the MLO violating?

- 1.ECOA and RESPA
  - 2.FACT Act and GLBA
  - 3.HMDA and TILA
  - 4.RESPA and MDIA
-

593.A potential borrower calls you for rates and programs. Assume that they are on the DNC Registry. You are allowed to call them back for what period of time?

- 1.30 days
- 2.3 months
- 3.1 year
- 4.18 months

-----

594.On Form 1003 Section X: Information for Government Monitoring Purposes is used in order to comply with which federal law?

- 1.Community Reinvestment Act
- 2.Fair Credit Reporting Act
- 3.Home Mortgage Disclosure Act
- 4.Truth in Lending Act

-----

595.One purpose of the Fair and Accurate Credit Transaction Act is to prevent

- 1.Predatory lending
- 2.Discrimination in lending
- 3.Loss of borrower
- 4.Identity theft

-----

596.Regulation B is also known as

- 1.ECOA
- 2.HMDA
- 3.RESPA
- 4.TILA

-----

597.Regulation X is also known as what law?

- 1.FCRA
- 2.FHA
- 3.RESPA
- 4.TILA

-----

598.Regulation Z applies to all:

- 1.business loans with collateral.
- 2.commercial real estate loans.

- 3.residential real estate mortgage transactions.
  - 4.agricultural purchase transactions.
- 

599.Regulation Z is also known as which of the following?

- 1.ECOA
  - 2.FHA
  - 3.RESPA
  - 4.TILA
- 

600.RESPA applies to all:

- 1.business real estate loans.
  - 2.commercial real estate loans.
  - 3.residential real estate loan.
  - 4.real estate purchase transactions.
- 

601.RESPA requires that all mortgage loan compensation be disclosed in which of the following documents?

- 1.HUD Settlement Cost Booklet
  - 2.HUD-1 Statement
  - 3.CHARM booklet
  - 4.Truth in Lending Disclosure Statement
- 

602.RESPA is the acronym for which of the following?

- 1.Realty Ethics Settlement Policy Act
  - 2.Real Estate Sales Procedures Act
  - 3.Real Estate Settlement Practices and Act
  - 4.Real Estate Settlement Procedures Act
- 

603.Section 32 which covers high cost loans is part of which federal law?

- 1.ECOA
  - 2.HMDA
  - 3.RESPA
  - 4.TILA
-

604. Seven years is usually the length of time information is kept on a credit report. Which of the following would be different?

1. Slow payments
2. Collection accounts
3. Criminal convictions
4. Mortgage ratings

-----

605. The FCRA allows a consumer to dispute inaccurate credit information. How many days are allowed for an incorrect item to be investigated?

1. 30
2. 60
3. 90
4. 120

-----

606. Where, in the TILA is the explanation for higher-priced loans located?

1. Section 32
2. Section 35
3. Section 23
4. Section 42

-----

607. The Real Estate Settlement Procedures Act does not apply to:

1. higher loan amounts of \$1 million or more on residential properties.
2. loans used to finance the purchase of 25 acres or more.
3. refinance transactions.
4. purchase loans that are secured by a first mortgage on the property.

-----

608. The Real Estate Settlement Procedures Act requires all of the following except:

1. a Good Faith Estimate.
2. a Settlement Statement.
3. a Special Information Booklet.
4. race, ethnicity and gender information.

-----

609. The right of rescission provided under Regulation Z is the right to:

1. pay discount points.
2. cancel a refinance transaction.



3.receive a refund of unpaid mortgage insurance premiums. 4.receive a refund of unpaid mortgage insurance premiums.

-----  
610.The SAFE Act:

- 1.prevents MLOs from practicing without a license.
- 2.establishes minimum standards for licensing and registering of mortgage loan originators
- 3.prevents abuses in consumer mortgage transactions.
- 4.prevents kickbacks referral fees and unearned fees.

-----  
611.The SAFE Act is part of the:

- 1.Community Reinvestment Act.
- 2.Dodd-Frank Act.
- 3.Housing and Economic Recovery Act.
- 4.Real Estate Settlement and Procedures Act.

-----  
612.The SAFE Act mandates that specific topics be covered every year. Which of the following is a required topic?

- 1.Appraisal
- 2.Ethics Fair lending and Consumer protection
- 3.FHA loans
- 4.Secondary markets

-----  
613.Why was Regulation Z enacted?

- 1.Require lenders to protect borrowers non-public information
- 2.Enable banks to sell mortgages more easily
- 3.Give borrowers disclosures regarding costs and fees and the ability to cancel certain transactions
- 4.Prevent discrimination based on race ethnicity or gender

-----  
614.TILA requires all of the following on the initial disclosure except the:

- 1.amount financed.
- 2.finance charge.
- 3.promissory note.
- 4.total of payments.

-----  
615. TILA is the acronym for which of the following?

1. Truthful Integrity in Lending Act
2. True Information in Lending Act
3. Trust in Lender
4. Truth in Lending Act

-----  
616. Under Regulation Z which of the following advertisements would require full disclosure of the rate term payment and balance?

1. "Interest rates are at an all-time low"
2. "Monthly payments could be under \$950 per month"
3. "No money down"
4. "Stop paying rent"

-----  
617. Under RESPA what is the dollar fine that can be imposed for each instance of a referral fee kickback or unearned fee?

1. \$5,000
2. \$7,000
3. \$10,000
4. \$15,000

-----  
618. Under which federal legislation does the consumer have the right to receive a copy of the appraisal report on a dwelling that is to be used as collateral for a loan?

1. HMDA
2. RESPA
3. TILA
4. ECOA

-----  
619. What are the terms of the "cooling off" period if a loan falls under HOEPA?

1. Three business days prior to closing
2. Three business days after closing
3. Seven business days prior to closing
4. 30 business days after closing

-----  
620. Who of the following is in violation of the Section 8 provisions of RESPA?

- 1.An attorney who also earns fees for performing multiple settlement services
  - 2.An employer who pays her employees for referrals
  - 3.A real estate broker who pays a cooperating real estate broker for a referral
  - 4.An MLO who leases office space in a real estate office at an above market amount
- 

621.According to the Fair Credit Reporting Act, when are borrowers entitled to get a copy of their credit reports?

- 1.Once a year
  - 2.When the borrower has been turned down for a loan
  - 3.When the borrower is on public assistance
  - 4.A borrower has no right to a free copy of his credit report
- 

622.Which was the first major legislation to directly affect equal rights to ownership of real property?

- 1.Civil Rights Act
  - 2.Emancipation Proclamation
  - 3.Federal Fair Housing Act
  - 4.Homeowners Protection Act
- 

623.If an MLO or real estate agent suggests to a client that he move to a particular area to reside in a community that he will fit into, what would that mortgage loan originator or real estate agent be guilty of?

- 1.Blockbusting
  - 2.Flipping
  - 3.Redlining
  - 4.Steering
- 

624.Borrower(s) may decide to disclose income from child support or alimony. If disclosed, which federal law requires that it be considered in the loan approval process?

- 1.Real Estate Settlement Procedures Act
  - 2.Equal Credit Opportunity Act
  - 3.Fair and Accurate Credit Transactions Act
  - 4.Truth in Lending Act
- 

625.Which of the following is responsible for the accurate disbursements of all funds due to and from all parties in a mortgage transaction?

- 1.MLO
  - 2.Appraiser
  - 3.Real estate agent
  - 4.Closing Attorney, settlement or escrow agent
- 

626.In an advertisement along with an interest rate what must also be disclosed?

- 1.The annual percentage rate
  - 2.The finance charge
  - 3.The total of payments
  - 4.The amount financed
- 

627.For license renewal, an MLO is required annually to complete a minimum of how many hours of continuing education on the topic of federal law?

- 1.2 hrs.
  - 2.3 hrs.
  - 3.7 hrs.
  - 4.8 hrs.
- 

628.The best answer for which of the following debts that are considered as part of a borrower's monthly obligation when qualifying for a mortgage loan would be:

- 1.Student loan payments and car payments
  - 2.Life insurance premiums and credit card payments
  - 3.Gym Membership dues and monthly cell phone bill
  - 4.Utility payments and monthly health insurance payments
- 

629.In a typical mortgage loan, what are the mortgage note and the property called?

- 1.Financing instrument/deed
  - 2.Hypothecation/security
  - 3.Lien/appraised value
  - 4.Security instrument/collateral
- 

630.A mortgage loan that features lower payments in the beginning and increases during the life of the loan is also known as which of the following?

- 1.Bridge mortgage
- 2.Graduated payment mortgage
- 3.Construction to permanent loan

4.Fixed interest rate mortgage

-----  
631. When performing the sales comparison approach, what does "adjusting properties" involve?

1. Changing the subject property to make it more like the comparables
2. Changing the comparables to make them more like the subject property
3. Always using comparables that are exactly like the subject property
4. Finding comparables that sold for the same price as the subject property

-----  
632. A discount point is calculated as being 1% of what?

1. Interest rate
2. Down payment
3. Loan amount
4. Sales price

-----  
633. Which ratio is described as the loan amount divided by the property value?

1. Debt to Income ratio
2. Loan-to-value ratio
3. PITI
4. Housing expense ratio

-----  
634. The Equal Credit Opportunity Act is a law that requires the lender to provide the borrower a reason for denial within how many days of loan application?

1. 3
2. 10
3. 30
4. 45

-----  
635. The 3/7/3 Rule is associated with which law or regulation?

1. Regulation B
  2. FACT Act
  3. SAFE Act
  4. Regulation Z
-

636. Under Equal Credit Opportunity Act (ECOA), when looking to qualify a borrower, a lender may not consider which of the following?

1. The borrower is a senior citizen
2. The borrower has an average credit score
3. The borrower has had 10 jobs in the past 2 years
4. The borrower has a low monthly income

-----  
637. What is the conventional mortgage back end DTI ratio?

1. 2.8%
2. 2.9%
3. 3.6%
4. 4.1%

-----  
638. The UFMIIP on a 30-year FHA loan (as of June 2012-2013) is?

1. 1.00%
2. 1.75%
3. 2.00%
4. 2.25%

-----  
639. According to the Fair and Accurate Credit Transactions Act, when is a borrower entitled to get a copy of their credit score?

1. Four times a year
2. When the borrower has applied for a loan and had his/her credit reviewed
3. When the borrower is on public assistance
4. A borrower has no right to a free copy of their credit score.

-----  
640. Which law prohibits MLOs from influencing an appraiser to overstate the value of a home in order to get a closed-end loan on the borrower's primary residence approved?

1. Regulation B
2. Regulation C
3. Regulation X
4. Regulation Z

-----  
641. The state regulatory authority may refuse to renew a license for an MLO if there is a finding that the licensee:

- 1.purchased more personal or business real estate than initially disclosed.
  - 2.has been unethical in the transaction of mortgage lending.
  - 3.purchased another company in the financial services industry.
  - 4.has released an employee due to illegal activity by that employee.
- 

642.According to the Fair Credit Reporting Act, a bankruptcy could remain on a credit report for how long?

- 1.3 years
  - 2.5 years
  - 3.7 years
  - 4.10 years
- 

643.A borrower wants a Cash Out refinance for 80% LTV on a house that appraises for \$250,000. The borrower has a first mortgage of \$87,000 and a second for \$25,000. Closing costs will equal \$3,000. How much cash is available for the borrower to receive?

- 1.\$30,000
  - 2.\$85,000
  - 3.\$115,000
  - 4.\$200,000
- 

644.When an MLO accepts any third party fee from a borrower, the funds should be placed:

- 1.in an investment account.
  - 2.in an escrow account.
  - 3.mixed with the general funds of the company.
  - 4.on the loan.
- 

645.Which of the following is a purpose for the Mortgage Servicing Disclosure Statement?

- 1.To disclose the percentages of loans this lender has serviced in the last 3 years
  - 2.To inform the borrowers that they have certain rights under the law
  - 3.To inform the borrower that the servicing of the mortgage may be or has been transferred
  - 4.To inform the borrower the percentages of servicing that has been sold, assigned or transferred
- 

646.Which of the following participants in a mortgage loan transaction would be most likely to overvalue a property?

- 1.Appraiser

2. Attorney
  3. Surveyor
  4. Title Company
- 

647. The Truth in Lending Act does which of the following?

1. Requires all loan applications be made in person
  2. Prevents advertising FHA financing to the exclusion of Conventional
  3. Regulates advertising regarding interest rates
  4. Requires a closing cost breakdown on residential loans
- 

648. A loan greater than \$100,000 is not considered a qualified mortgage (QM) if the points and fees paid by the consumer exceed what percent (%) of the total loan amount?

1. 2
  2. 3
  3. 5
  4. 6.5
- 

649. MLOs are prohibited from which of the following?

1. Asking an appraiser to consider other comparable properties
  2. Obtaining multiple appraisals on a property
  3. Telling an appraiser a minimum value needed to approve the loan
  4. Withholding fees from appraisers for substandard performance
- 

650. Some lenders and investors were willing to make subprime loans because:

1. borrowers typically had greater income stability than with other real estate loans.
  2. borrowers typically had greater net worth than with other real estate loans.
  3. lenders could charge higher rates for the added risk.
  4. lenders experience less risk with subprime loans than with other real estate loans.
- 

651. Which of these actions would indicate that a mortgage loan originator is not committed to privacy and safeguard compliance?

1. Requiring all computers be password protected and passwords changed periodically
2. Shredding paper documents and erasing electronic records
3. Contracting a document disposal company for weekly pick up of locked shredding containers
4. Putting files in unlocked file cabinets



-----  
652. Which of the following questions is not prohibited while taking a loan application?

1. Asking about childbearing intentions
2. Asking the borrower to add a spouse to the application
3. Asking questions to discourage a borrower from applying
4. Asking the borrower his/her marital status

-----  
653. What is the loan-to-value ratio if the loan amount is \$93,750, the appraised value is \$125,000 and the sales price is \$130,000?

1. 75%
2. 78%
3. 80%
4. 100%

-----  
654. The Federal National Mortgage Association is also known as which of the following?

1. Fannie Mae
2. Freddie Mac
3. Ginnie Mae
4. Sallie Mae

-----  
655. Which of the following is not required by HOEPA?

1. The APR
2. The Loan amount
3. The Right of rescission on a refinance
4. The Right to receive a copy of seller information

-----  
656. With an ARM, what happens to a borrower's payments if the index increases?

1. There will be a larger balance due and payable
2. Payments go down
3. Payments go up
4. Payments remain the same

-----  
657. The borrower's gross monthly income is \$5,000. The new mortgage loan will reduce his monthly payment to only \$1,000 per month. The borrower will still owe a car payment of \$350

and a student loan payment of \$250. The borrower also has a cell phone bill of \$90 per month. What is the borrower's new Housing Ratio?

- 1.20%
- 2.27%
- 3.32%
- 4.33.80%

-----

658. Identify which attribute is NOT considered illegal discrimination in granting credit under the Equal Credit Opportunity Act.

- 1. Color
- 2. Income
- 3. Race
- 4. Sex

-----

659. After the crisis of the Great Recession according to FHA underwriting when can a borrower repurchase again after a foreclosure?

- 1. 7yrs from the credit report date
- 2. 5yrs from the credit report date
- 3. 2yrs from the credit report date
- 4. 3yrs from the credit report date

-----

660. After the crisis of the Great Recession according to VA underwriting when can a borrower repurchase again after a foreclosure?

- 1. 7yrs from the credit report date
- 2. 5yrs from the credit report date
- 3. 2yrs from the credit report date
- 4. 3yrs from the credit report date

-----

661. After the crisis of the Great Recession according to Conventional underwriting when can a borrower repurchase again after a foreclosure?

- 1. 7yrs from the credit report date
- 2. 5yrs from the credit report date
- 3. 2yrs from the credit report date
- 4. 3yrs from the credit report date

-----

662. After the crisis of the Great Recession according to FHA underwriting when can a borrower repurchase again after a short sale?

- 1.7yrs from the credit report date
- 2.5yrs from the credit report date
- 3.2yrs from the credit report date
- 4.3yrs from the credit report date, or immediately if there was no late mortgage payments.

-----

663. After the crisis of the Great Recession according to VA underwriting when can a borrower repurchase again after a short sale?

- 1.7yrs from the credit report date
- 2.5yrs from the credit report date
- 3.2yrs from the credit report date
- 4.3yrs from the credit report date

-----

664. After the crisis of the Great Recession according to Conventional underwriting when can a borrower repurchase again after a short sale?

- 1.7yrs from the credit report date
- 2.5yrs from the credit report date
- 3.3yrs from the credit report date
- 4.4yrs from the credit report date

-----

665. After the crisis of the Great Recession according to Conforming and High Balance underwriting when can a borrower repurchase again after a Chapter 7 bankruptcy?

- 1.7yrs from the discharge date
- 2.5yrs from the discharge date
- 3.2yrs from the discharge date
- 4.4yrs from the discharge date

-----

666. After the crisis of the Great Recession according to Conforming and High Balance when can a borrower repurchase again after a Chapter 13 bankruptcy?

- 1.7yrs from the discharge date
- 2.5yrs from the discharge date
- 3.2yrs from the discharge date
- 4.4yrs from the discharge date

-----

667. After the crisis of the Great Recession according to FHA Standard underwriting when can a borrower repurchase again after a Chapter 13 bankruptcy?

- 1. 7yrs from the credit discharge date
  - 2. 5yrs from the credit discharge date
  - 3. 1yr from the credit discharge date
  - 4. 3yrs from the credit discharge date
- 

668. After the crisis of the Great Recession according to Conventional underwriting when can a borrower repurchase again after a Chapter 7 bankruptcy?

- 1. 7yrs from the credit discharge date
  - 2. 5yrs from the credit discharge date
  - 3. 3yrs from the credit discharge date
  - 4. 4yrs from the credit discharge date
- 

669. A borrower must wait how long after a Chapter 7 bankruptcy is discharged before applying for an FHA loan?

- 1. 7yrs seasoning
  - 2. 5yrs seasoning
  - 3. 2yrs seasoning
  - 4. 4yrs seasoning
- 

670. After the crisis of the Great Recession according to VA underwriting when can a borrower repurchase again after a Chapter 7 bankruptcy?

- 1. 7yrs from the discharge date
  - 2. 5yrs from the discharge date
  - 3. 2yrs from the discharge date
  - 4. 3yrs from the discharge date
- 

671. After the crisis of the Great Recession according to VA underwriting when can a borrower repurchase again after a Chapter 13 bankruptcy?

- 1. 7yrs into the payout on a case by case basis.
  - 2. 4yrs into the payout on a case by case basis
  - 3. 1yr into the payout on a case by case basis
  - 4. 3yrs into the payout on a case by case basis
-

672.S.A.F.E. is the short title for what Mortgage Licensing act of 2008?

- 1.Secure and Fair Enforcement
  - 2.Secure and Fair Environment
  - 3.Safe and Fair Enforcement
  - 4.Systematic and Fair Enforcement
- 

673.The SAFE Act is designed to do all of the following except:

- 1.Reduce fraud by encouraging states to establish minimum standards for the licensing and registration of state-licensed mortgage loan originators.
  - 2.Establish and maintain a nationwide mortgage licensing system and registry
  - 3.Reduce fraud by creating an enforcement agency that prosecutes unethical activity
  - 4.Provide consumers with easily accessible information, offered at no charge, through electronic media, including the Internet
- 

674.The Nationwide Multistate Licensing System and Registry accomplishes all of the following except...?

- 1.Provides uniform license applications and reporting requirements for State-licensed loan originators.
  - 2.Provides a comprehensive licensing and supervisory database as well as provides increased accountability and tracking of loan originators.
  - 3.Enhances consumer protections and supports anti-fraud measures including the collection and disbursement of consumer complaints on behalf of State and Federal mortgage regulators.
  - 4.Provides tracking of the number of loans each mortgage loan originator writes, including loan amounts and types.
- 

675.The SAFE Mortgage Licensing Act is NOT designed to:

- 1.increase integrity in the residential mortgage loan market.
  - 2.enhance consumer protections.
  - 3.reduce fraud.
  - 4.keep mortgage rates low with licensing standards.
- 

676.Which of the following would NOT be considered a Federal Banking Agency?

- 1.Comptroller of the Currency
- 2.Board of Governors of the Federal Reserve System
- 3.Federal Bureau of Investigation
- 4.National Credit Union Administration

-----  
677. Which of the following are powers/duties of the Regulatory Authority?

1. Arrest and imprison
2. Conduct examinations of licensee's books and records
3. Participate in Background Investigations done by the FBI
4. Prevent a licensee from taking Continuing Education classes

-----  
678. True or False? A depository institution includes any credit union.

1. TRUE
2. FALSE

-----  
679. Who determines continuing education requirements and dates for license renewal?

1. The Governor of the state
2. The Nationwide Mortgage Licensing System
3. The state Regulatory Authority as established under the SAFE Act
4. The CSBS

-----  
680. Which of the following is NOT true of a loan originator?

1. A loan originator takes a residential mortgage loan application.
2. A loan originator performs purely administrative tasks.
3. A loan originator offers or negotiates terms of a residential mortgage loan for compensation or gain.
4. A loan originator assists in the financing of real property

-----  
681. Background checks performed by the Regulatory Authority cannot include:

1. fingerprints.
2. state, national, and international criminal history.
3. Personal history and experience.
4. Personal checking account information.

-----  
682. Which of the following would NOT be considered an administrative or clerical task?

1. Receiving borrower information
2. Processing loan applications
3. Distributing information for processing or underwriting a loan

4. Bringing together parties interested in the mortgage of a property

-----

683. The Regulatory Authority may impose penalties for each violation up to, and not exceeding:

1. \$25,000.00
  2. \$10,000.00
  3. \$5,000
  4. The Regulatory Authority is not permitted to impose penalties.
- 

684. Give the job title for the following definition: One who "assists a consumer in obtaining or applying to obtain a residential mortgage loan."

1. Loan Processor or Underwriter
  2. Real Estate Broker
  3. Mortgage Loan Originator
  4. Independent Contractor
- 

685. The penalties issued by the Regulatory Authority are \_\_\_\_ penalties on mortgage loan originators.

1. Civil
  2. Criminal
  3. Contractual
  4. Continual
- 

686. Which of the following could be classified as real estate brokerage activity?

1. Providing privacy and anonymity between parties interested in purchasing, selling or leasing property.
  2. Working with an un-licensed person when the law requires that person to be registered or licensed.
  3. Negotiating financing terms on behalf of any party relating to the sale of property.
  4. Acting as a real estate agent or real estate broker for a buyer of a real property.
- 

687. A loan originator is:

1. A person who only performs real estate brokerage activities and is not compensated by a lender, a mortgage broker, or other loan originator.
2. A person or entity solely involved in extensions of credit relating to timeshare plans.

3. An individual who takes a residential mortgage loan application and offers or negotiates terms of a residential mortgage loan for compensation or gain.
4. A person who only handles clerical or data entry functions.

-----

688. Provide the term for the following definition: "an individual who performs clerical or support duties at the direction of and subject to the supervision and instruction of a state-licensed loan originator or a registered loan originator."

1. Loan Processor
2. Real Estate Broker
3. Mortgage Loan Originator
4. Independent Contractor

-----

689. The Nationwide Multistate Licensing System and Registry is developed and maintained by which of the following:

1. The Conference of State Bank Supervisors and the NMLS
2. The American Association of Residential Mortgage Regulators and the NMLS
3. The Conference of State Bank Supervisors and The American Association of Residential Mortgage Regulators
4. The NMLSR

-----

690. Clerical or support duties of a loan processor or underwriter would NOT include:

1. Counseling consumers about residential mortgage loan rates or terms.
2. Offering or negotiating loan rates or terms.
3. Both A & B
4. Data entry on a file.

-----

691. A Mortgage Loan Originator is:

1. any person who for compensation places a loan within this state for others.
2. an individual engaged solely as a loan processor.
3. a person involved in timeshares.
4. a person servicing mortgage loans.

-----

692. What does the term "Nontraditional mortgage product" mean?

1. Any mortgage product other than a 30-year fixed rate mortgage
2. Any mortgage product other than a 30-year fixed rate or variable rate mortgage



- 3.Any mortgage product other than a 15-year fixed rate mortgage
- 4.Any mortgage product other than a 30-year variable rate mortgage

-----

693.Which of the following is not considered a Federal Banking Agency?

- 1.The Consumer Financial Protection Bureau
  - 2.The Director of the Office of Thrift Supervision
  - 3.The National Credit Union Administration
  - 4.The Federal Deposit Insurance Corporation
- 

694.True or False? A registered loan originator does not need to maintain a unique identifier through the NMLSR so long as he or she works for a subsidiary that is regulated by a federal banking agency.

- 1.TRUE
  - 2.FALSE
- 

695.The Regulatory Authority shall renew a mortgage loan originator's (MLO) license if all of the following are done EXCEPT:

- 1.the originator continues to meet the minimum requirements.
  - 2.the originator paid the fee to renew.
  - 3.the originator satisfied the Continuing Education.
  - 4.the MLO retests.
- 

696.Fill in the blank. Any loan primarily for personal, family, or household use that is secured by a mortgage, deed of trust, or other equivalent consensual security interest on a dwelling or residential real estate upon which is constructed or intended to be constructed a dwelling, is called a \_\_\_\_\_.

- 1.Short term mortgage loan
  - 2.Nontraditional mortgage loan
  - 3.Commercial mortgage loan
  - 4.Residential mortgage loan
- 

697.In order to renew your license, you must annually complete which of the minimum requirements pertaining to Continuing Education:

- 1.3 hours of Federal Law, 2 hours of Ethics, 2 hours of non-traditional and 1 Elective
- 2.2 hours of Federal Law, 2 hours of Ethics, 2 hours of non-traditional and 2 Electives
- 3.3 hours of Federal Law, 2 hours of Ethics, 1 hours of non-traditional and 2 Electives

4.2 hours of Federal Law, 3 hours of Ethics, 2 hours of non-traditional and 1 Elective

-----  
698.All of the following would be required to be licensed EXCEPT:

- 1.a loan originator.
- 2.an employee of a depository institution.
- 3.a Loan originator working at the subsidiary of a mortgage lender
- 4.licensed by a state as a loan originator with a unique identifier from the NMLSR.

-----  
699.A Mortgage Lender shall maintain capital of not less than \$ \_\_\_\_\_ per licensed location:

- 1.\$100,000
- 2.\$200,000
- 3.\$300,000
- 4.An amount determined by the state Regulatory Authority that reflects the dollar amount of loans originated.

-----  
700.Which of the following is NOT true of a unique identifier?

- 1.A unique identifier is a number
- 2.A unique identifier is assigned by protocols established by the NMLSR.
- 3.A unique identifier allows for the electronic tracking of loan originators for the sole use of Federal banking agencies.
- 4.A unique identifier can be used to access employment history of and the publicly adjudicated disciplinary and enforcement actions against loan originators.

-----  
701.How long must an applicant wait to receive a new license if they have previously had their license revoked?

- 1.7 years
- 2.10 years
- 3.5 years
- 4.Once an individual's license has been revoked, that person is never eligible for a future license.

-----  
702.True or False? States are encouraged to use unique identifiers for their loan originators in lieu of social security numbers.

- 1.TRUE
- 2.FALSE

-----  
703. A loan originator who applies to be licensed again must:

1. receive a new unique identifier.
2. complete the Continuing Education requirements for the last year in which the license was held.
3. write a letter to the Regulatory Authority requesting a new license.
4. None of the above.

-----  
704. Which of the following must an individual do before he or she is allowed to engage in the business of a loan originator?

1. Obtain and maintain annually a registration as a loan originator
2. Obtain and maintain annually a license as a state licensed loan originator
3. Both A & B
4. Either A or B

-----  
705. All of the following are required to be licensed except:

1. any Mortgage Lender making less than five mortgage loans within any 12 consecutive months.
2. any person who acts as a Mortgage Broker less than 5 times within any 2 consecutive months.
3. an independent contractor who engages in loan origination activities as a loan processor or underwriter.
4. an individual negotiating a residential mortgage loan with or on behalf of an immediate family member.

-----  
706. True or False? A loan processor or underwriter who does not represent to the public, through advertising or other means of communicating or providing information, that such individual can or will perform any of the activities of a loan originator shall not be required to be a State-licensed loan originator.

1. TRUE
2. FALSE

-----  
707. After failing three (3) exams, an applicant must wait how long before taking the exam again?

1. Ninety (90) Days
2. 180 Days
3. One (1) Month
4. Six (6) Months

-----  
708. True or False? An independent contractor may engage in residential mortgage loan origination activities as a loan processor or underwriter without a state issued loan originator license.

1. TRUE
2. FALSE

-----  
709. All advertising of a Mortgage Loan Originator must include which of the following?

1. A photograph of the Mortgage Loan Originator
2. The Mortgage Loan Originator's unique identifier
3. Types of loans the Mortgage Loan Originator makes
4. A disclaimer from the NMLS

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710. True or False? Every state requires those applying for a loan originator license to agree to a background check.

1. TRUE
2. FALSE

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711. All of the following are grounds for the Regulatory Authority to revoke a license except:

1. material misstatements in an application.
2. conviction of any crime of moral turpitude.
3. failure to account for funds received or disbursed.
4. not completing Continuing Education before Dec 31st.

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712. What information must an applicant furnish to the NMLSR in order to verify their identity?

1. Just Fingerprints
2. Only a personal history and experience
3. Simply an authorization for the System to obtain a credit report
4. Fingerprints, a personal history and experience and an authorization for the System to obtain a credit report

-----  
713. What is the name of the national organization composed of state bank supervisors dedicated to maintaining the state banking system and state regulation of financial services?

1. Committee of State Bank Supervisors (CSBS)
2. Committee of National Bank Supervisors (CNBS)
3. Conference of State Regulating Supervisors (CSRS)

4.Conference of State Bank Supervisors (CSBS)

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714.The Unique Identifier, issued by NMLS, of any person originating a residential mortgage loan shall be clearly shown on all of the following except:

- 1.Residential Mortgage Loan Application Forms.
  - 2.Residential Mortgage Loan Applications.
  - 3.on the company's front door.
  - 4.Residential Mortgage Loan Application Advertisements.
- 

715.Which of the following terms means, "an individual who performs his or her duties other than at the direction of and subject to the supervision and instruction of an individual who is licensed and registered as a loan originator"?

- 1.Loan Processor
  - 2.Independent Contractor
  - 3.Mortgage Loan Originator
  - 4.Mortgage Loan Officer
- 

716.Which of the following is NOT a minimum standard for licensing as a state-licensed loan originator?

- 1.The applicant has never had a loan originator license revoked.
  - 2.The applicant has not been convicted/guilty of a felony in the 7-years preceding the date of application for licensing.
  - 3.The applicant has demonstrated financial responsibility through maintaining a credit score above 600 points.
  - 4.The applicant has completed pre-licensing education and has passed an approved test.
- 

717.Which of the following terms means an individual who, with respect to the origination of a residential mortgage loan, performs clerical or support duties at the direction of and subject to the supervision and instruction of a state-licensed or registered loan originator"?

- 1.Loan Processor or Underwriter
  - 2.Independent Contractor
  - 3.Mortgage Loan Originator
  - 4.Mortgage Loan Officer
- 

718.Which of the following is not considered "prohibited conduct"?

- 1.Negligent behavior
- 2.Making a costly error
- 3.Not acting in good faith
- 4.An act of commission as well as omission

-----

719.True or False? An individual does not need to be licensed if that person performs only purely administrative or clerical tasks on behalf of a loan originator.

- 1.TRUE
- 2.FALSE

-----

720.In order to meet the pre-licensing education requirement, a person shall complete at least 20 hours of approved education. Which of the following is NOT included in the minimum educational requirements?

- 1.2 hours of training related to predatory lending laws
- 2.3 hours of Federal law and regulations
- 3.3 hours of ethics training
- 4.2 hours of training related to nontraditional mortgage products

-----

721.The term "Housing Finance Agency" includes any authority that is/has all of the following EXCEPT:

- 1.when chartered by a state to help meet the affordable housing needs of the residents of the state.
- 2.when it has the status of a tax-exempt organization.
- 3.when it is supervised directly or indirectly by the state government.
- 4.when it is subject to audit and review by the state in which it operates.

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722.For a Mortgage Servicer, refusing to reinstate a delinquent loan after receiving a payment made to pay all past due amounts:

- 1.is permitted. Once the loan has become delinquent, the lender may do whatever they want with it.
  - 2.is prohibited. Loans must be reinstated once all past due payments have been made.
  - 3.may be either permitted or prohibited, depending on the length of time the loan has been delinquent.
  - 4.is permitted if the loan was more than 180 days late
-

723. Which of the following is NOT true of an organization that would be considered a bona fide nonprofit organization?

1. A bona fide nonprofit organization promotes affordable housing or provides homeownership education, or similar services.
2. A bona fide nonprofit organization conducts its activities in a manner that serves public or charitable purposes, rather than commercial purposes.
3. A bona fide nonprofit organization does not compensate its employees.
4. A bona fide nonprofit organization provides or identifies for the borrower residential mortgage loans with terms favorable to the borrower and comparable to mortgage loans and housing assistance provided under government housing assistance programs.

-----

724. In the testing of loan originators, you must take a qualified test that measures knowledge and comprehension in which areas?

1. Ethics and Federal Laws
2. Federal law, mortgage origination, and ethics
3. Federal and State law and regulation pertaining to mortgage origination
4. Federal and State law and regulation, including instruction on fraud, consumer protection, the nontraditional mortgage marketplace, and fair lending issues, general mortgage industry knowledge and origination

-----

725. How often must a state require an individual licensed with an organization that has tax exempt status, to renew their loan originator license?

1. Annually
2. An organization that has tax exempt status, does not need to renew their loan originator license
3. Every 3 years
4. Every 5 years

-----

726. It is okay to advertise for specific interest rates, points, or terms if:

1. you have offered those terms in the past.
2. your competitors offer similar rates, points, or terms.
3. you currently offer the terms advertised.
4. you have considered TILA.

-----

727. True or False? When considering acts that would make an individual ineligible for a loan originator license, expunged convictions still have an affect on the eligibility of the individual.

1. TRUE
2. FALSE

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728.What percentage of correct answers to questions must be achieved in order to have passed a qualified written test?

- 1.65%
- 2.75%
- 3.80%
- 4.90%

-----  
729.Fill in the Blank. In order to maintain a loan originator license, the applicant must be covered by either a surety bond or a(n) \_\_\_\_\_ , or pays into a state fund, as required by the state loan originator supervisory authority.

- 1.employer's letter of credit/recommendation
- 2.high credit score
- 3.national lender as an employer
- 4.net worth

-----  
730.Which of the following must be conspicuously disclosed on all advertisements?

- 1.Business name
- 2.Company Website Address
- 3.License number
- 4.Your Unique Identifier

-----  
731.True or False? A state-licensed loan originator may not apply credits for education courses taken in one year to meet the continuing education requirements of subsequent years.

- 1.TRUE
- 2.FALSE

-----  
732.If an applicant does not initially pass a test, they may retake the test after waiting at least 30 days. How many times may an individual retake a test before having to wait longer than 30 days?

- 1.Once
  - 2.6 times
  - 3.3 times
  - 4.4 times per year
-



733. For the Bureau to determine that a state is providing effective supervision and enforcement, a supervisory authority must meet all BUT the following performance standards:

1. The supervisory authority must examine or investigate loan originator licensees in a systematic manner based on identified risk factors or on a periodic schedule.
2. A supervisory authority must be accredited under the CSBS-AARMR-NMLS Mortgage Accreditation Program.
3. The supervisory authority must approve or deny loan originator license applications and must renew or refuse to renew existing loan originator licenses for violations of state or Federal law.
4. The supervisory authority must discipline loan originator licensees with appropriate enforcement actions, such as license suspensions or revocations, cease-and-desist orders, civil money penalties, and consumer refunds for violations of state or Federal law.

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734. All of the following must be deposited into trust accounts EXCEPT:

1. Application Fees
2. Rate-lock Commitment Fees
3. MLO Commission Checks
4. Prepaid Attorney Charges

-----  
735. True or False? A reasonable fee may be charged to consumers in order to cover the costs of maintaining and providing access to information from the Nationwide Multistate Licensing System and Registry.

1. TRUE
2. FALSE

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736. How long is the waiting period to take the test again after failing 3 consecutive times?

1. 1 year
2. 6 months
3. 4 months
4. 3 months

-----  
737. An individual takes "a residential mortgage loan application" if the individual does all of the following, EXCEPT:

1. he/she is involved in the approval of the loan.
2. When he/she has received the borrower's or prospective borrower's request or information indirectly.

- 3.he/she only input the information into an online application or other automated system.
- 4.he/she Is responsible for verifying information.

-----

738.By taking and passing the UST , as of 3/1/16, you will meet the exam requirements of how many state mortgage agencies?

- 1.10 agencies
  - 2.21 agencies
  - 3.35 agencies
  - 4.51 agencies
- 

739.Which of the following would require a person to be licensed as a loan originator?

- 1.Assisting a borrower or prospective borrower who is filling out an application by explaining the contents of the application and where particular borrower information is to be provided on the application
  - 2.Generally describing for a borrower or prospective borrower the loan application process without a discussion of particular loan products.
  - 3.Responding to a borrower's inquiry resulting from a prequalified offer, collecting detailed identifying information and/or loan application information from the borrower or prospective borrower on behalf of a lender.
  - 4.Receiving a loan application through the mail and forwarding it, without review, to loan approval personnel.
- 

740.Fill in the Blank. A State-licensed loan originator who fails to maintain a valid license for a period of \_\_\_\_\_ or longer shall retake the test.

- 1.5 years
  - 2.3 years
  - 3.2 years
  - 4.1 year
- 

741.The Legislature established the S.A.F.E. Act as an effective system of supervision and enforcement of the mortgage lending industry. Which of the following authorities are NOT included in this act?

- 1.The authority to issue licenses to conduct business under this Act
- 2.The authority to deny, suspend, condition or revoke licenses issued under this Act
- 3.The authority to examine, investigate and conduct enforcement actions as necessary to carry out the intended purposes of this Act
- 4.The authority to issue revised credit scores and personal financial information under this Act

-----  
742. When was the Housing and Economic Recovery Act signed into law?

1. 2007
2. 2008
3. 2009
4. 2010

-----  
743. Who is granted broad administrative authority to administer, interpret and enforce this Act (S.A.F.E.), and promulgate rules or regulations implementing this Act, in order to carry out the intentions of the Legislature?

1. The Commissioner
2. The Secretary of State
3. The Lieutenant Governor
4. The State Financial Supervisory Authority

-----  
744. In general there are two minimum standards for license renewal for State-licensed loan originators. The first is that the loan originator continued to meet the minimum standards for license issuance. What is the other minimum requirement?

1. To obtain recognition for outstanding practices
2. To satisfy annual continuing education requirements
3. To join a group, such as the NAMB or MBAA and maintain good standing
4. To reduce personal debt and increase personal assets

-----  
745. Which of the following would NOT be included in a list of Federal Banking Agencies?

1. The Board of Governors of the Federal Reserve System
2. The National Credit Union Administration
3. The Comptroller of the Currency
4. The Director of the Office of Credit Compliance

-----  
746. NMLS stands for:

1. National Mortgage Licensing Standards
  2. National Mortgage License System
  3. Nationwide Multistate Licensing System
  4. Nationwide Mortgage Licensing Service
-

747. True or False? An individual engaging solely in loan processor or underwriter activities, shall not represent to the public, through advertising or other means of communicating.

1. TRUE
2. FALSE

-----

748. In order to meet the annual continuing education requirements, at least how many hours of approved education are required?

1. 1.4 hours
2. 2.6 hours
3. 3.8 hours
4. 20 hours

-----

749. True or False? The term "mortgage loan originator" includes a person or entity that only performs real estate brokerage activities and is licensed or registered in accordance with State law.

1. TRUE
2. FALSE
3. TRUE

-----

750. Which of the following are NOT powers/duties of the Regulatory Authority?

1. Conduct Investigations
2. Issue Warrants
3. Conduct examinations of licensee's books and records
4. Issue Fees and Penalties

-----

751. True or False? A mortgage loan originator does not include a person or entity solely involved in extensions of credit relating to timeshare plans.

1. TRUE
2. FALSE

Correct Choice: TRUE

752. Which of the following are NOT specifically listed as courses required for continuing education?

1. 3 hours of federal laws training
2. 2.2 hours of ethics
3. 2 hours of nontraditional mortgage product training

4.1 hours of NMLSR history training

-----

753. "Any activity that involves offering or providing real estate brokerage services to the public," could be used to define what activity?

1. Loan originating
  2. Real estate brokerage
  3. Loan processing
  4. Property appraisal
- 

754. The Regulatory Authority may do all of the following except:

1. establish licensing rules and regulations.
  2. issue, revoke, deny, suspend, and condition licenses.
  3. audit, investigate, and conduct enforcement actions necessary to carrying out the SAFE Act Audit, investigate, and conduct enforcement actions necessary to carry out the SAFE Act.
  4. issue warrants and make arrests as a result of fraudulent activity by a Mortgage Loan Originator.
- 

755. The term, "person" means a natural person. The definition would include all of the following EXCEPT:

1. corporation.
  2. limited liability company.
  3. association.
  4. a city, county or state government.
- 

756. True or False? A state-licensed loan originator may only receive credit for a continuing education course in the year in which the course is taken.

1. TRUE
  2. FALSE
- 

757. What entity works with the NMLSR to establish a backup licensing system, licensing and registration requirements, unique identifiers, and state licensing law requirements?

1. State Secretary
2. Secretary of Housing and Urban Development
3. Secretary of State
4. Mortgage Licensing State Secretary

-----  
758. True or False? Only some states require fingerprints for submission to the Federal Bureau of Investigation, and any governmental agency or entity authorized to receive such information for a state, national and international criminal history background check.

1. TRUE
2. FALSE

-----  
759. The Regulatory Authority shall NOT have free and reasonable access to licensees':

1. books.
2. records.
3. offices.
4. tax returns.

-----  
760. Fill in the Blank. In the event that a Cease and Desist hearing is called, the notice instituting proceedings shall fix a date not earlier than \_\_\_\_\_ days nor later than \_\_\_\_\_ days after service of the notice.

1. 15; 30
2. 15; 60
3. 30; 45
4. 30; 60

-----  
761. True or False? An applicant for licensure will not be issued a mortgage loan originator license if at any time preceding such date of application, the applicant had a felony involving an act of fraud, dishonesty, or a breach of trust, or money laundering.

1. TRUE
2. FALSE

-----  
762. The Secretary is required to submit periodic reports to Congress of the effectiveness of the S.A.F.E. Mortgage Licensing Act. Which of the following is NOT a reason for why the Secretary is required to do so?

1. To strengthen consumer protections
2. To keep interest rates low to encourage home ownership
3. To streamline communication between all stakeholders involved in residential mortgage loan origination and processing
4. To establish performance based bonding requirements for mortgage originators or institutions.

-----  
763. True or False? A state-licensed loan originator may take the same approved course in the same or successive years to meet the annual requirements for continuing education.

1. TRUE
2. FALSE

-----  
764. If at any time it is determined that the Nationwide Multistate Licensing System and Registry is failing to meet the S.A.F.E. Act's requirements, who is charged with establishing and maintaining a licensing and registry database of loan originators?

1. The Secretary of State
2. The Federal Bureau of Investigation
3. Secretary of Housing and Urban Development
4. The Bureau of Consumer Financial Protection

-----  
765. In order to be issued a license, an individual must demonstrate financial responsibility, character and general fitness. For the purpose of showing financial responsibility, an individual should not have any of the following, EXCEPT:

1. current outstanding tax liens or other government liens and filings.
2. foreclosures within the past three years.
3. current outstanding judgments as a result of medical expenses.
4. a pattern of seriously delinquent accounts within the past three years.

-----  
766. When an individual "offers or negotiates terms of a residential mortgage loan for compensation or gain" he/she also does all but which of the following?

1. Presents for consideration by a borrower or prospective borrower particular residential mortgage loan terms
2. Communicates directly or indirectly with a borrower, or prospective borrower for the purpose of reaching a mutual understanding about prospective residential mortgage loan terms
3. Receives a residential mortgage loan application for the purpose of facilitating a decision whether to extend an offer of residential mortgage loan terms to a borrower or prospective borrower
4. Receives or expects to receive payment of money or anything of value in connection with or as a result of any residential mortgage loan terms entered into as a result of such activities

-----  
767. Background checks performed by the Regulatory Authority do not include:

- 1.a Credit Report.
  - 2.administrative findings by a governmental agency.
  - 3.civil, or criminal findings by a governmental agency.
  - 4.medical findings by a governmental agency.
- 

768. When offering or negotiating the terms of a loan, all of the following may occur, except when:

1. further verification of information is necessary.
  2. the offer is conditional.
  3. other individuals must complete the loan process.
  4. the appraised value must equal the purchase price.
- 

769. True or False? Pre-licensing education may be offered either in a classroom, online or by any other means approved by the Nationwide Multistate Licensing System and Registry.

1. TRUE
  2. FALSE
- 

770. True or False? Only some states require fingerprints for submission to the Federal Bureau of Investigation, and any governmental agency or entity authorized to receive such information for a state, national and international criminal history background check.

1. TRUE
  2. FALSE
- 

771. True or False? A State-licensed loan originator who is approved as an instructor of an NMLS approved continuing education course may receive credit for the originator's own annual continuing education requirement.

1. TRUE
  2. FALSE
- 

772. An applicant for licensure must pass a written test which shall include questions on laws and regulations. General mortgage industry knowledge, mortgage loan origination, and Ethics. Which of the following would NOT necessarily be included?

1. Title Insurance policies and endorsement codes
2. Consumer protection
3. Fair lending issues and concerns
4. Fraud prevention and awareness



-----  
773. An applicant for licensure must pass a written test which shall include questions on Federal and State law and regulation. Which of the following would NOT necessarily be included in this subsection?

1. Instruction on fraud
2. Consumer protection
3. Fair lending issues
4. Ethics

-----  
774. If the Regulatory Authority orders a cease and desist, the order becomes effective:

1. at time the Licensee is served papers.
2. at the time the Regulatory Authority signs the order.
3. after the Licensee responds to the order.
4. The Regulatory Authority cannot order a cease and desist.

-----  
775. True or False? The SAFE Act does not mention subprime mortgage lending.

1. TRUE
2. FALSE

-----  
776. True or False? Once information is entered into the NMLSR, any mortgage loan originator wishing to challenge that information must wait until the time of license renewal and pay a fee.

1. TRUE
2. FALSE

-----  
777. The SAFE Mortgage Licensing Act is designed to do all of the following EXCEPT?

1. increase integrity in the residential mortgage loan market.
2. enhance consumer protections.
3. reduce fraud.
4. license all Mortgage Loan Originators.

-----  
778. A unique identifier assigned to each loan originator is used for all of the following reasons EXCEPT:

1. to facilitate electronic tracking and uniform identification of loan originators.
2. to allow public access to loan originator licensing information.

- 3.to provide personal loan originator information to the general public.
- 4.to access information related to the employment history of and the publicly adjudicated disciplinary and enforcement actions against loan originators..

-----

779.All of the following are powers/duties of the Regulatory Authority except:

- 1.conduct Investigations and Issue Fees and Penalties.
- 2.issue Warrants and Participate in Arrests.
- 3.conduct examinations of licensee's books and records.
- 4.collect and submit fingerprints and participate in background Investigation done by FBI.

-----

780.Which of the following is NOT a penalty for violating the SAFE Act?

- 1.Deny, suspend, revoke, condition or decline to renew a license
- 2.Pay a fee to the CSBS and AARMR
- 3.Impose fines on persons subject to this Act pursuant
- 4.Order or direct persons subject to this Act to cease and desist from conducting business

-----

781.True or False? The Regulatory Authority may conduct investigations and issue subpoenas.

- 1.TRUE
- 2.FALSE

-----

782.Who determines continuing education requirements and dates for licensing renewal?

- 1.The Governor of the state
- 2.The Nationwide Mortgage Licensing System
- 3.The state Regulatory Authority as established under the SAFE Act
- 4.The National Mortgage Association of Education

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783.A Mortgage Banker is:

- 1.a person who engages in the mortgage loan business by directly or indirectly originating and closing mortgage loans with its own funds in the primary market for consideration.
- 2.a person who engages in the mortgage loan business by directly or indirectly negotiating or placing mortgage loans for others in the primary market for consideration.
- 3.a person who only performs real estate brokerage activities unless the person is compensated by a lender, a mortgage broker, or other loan originator
- 4.a contract MLO who works outside of the office and is not sponsored.

-----  
784.The Regulatory Authority shall have free and reasonable access to all of the following except:

- 1.books and Records.
  - 2.records, hard copy and electronic files.
  - 3.personal credit report.
  - 4.personal checking account information.
- 

785.True or False? When referring to surety bonds, immediately upon recovery upon any action on the bond the licensee shall file a new bond.

- 1.TRUE
  - 2.FALSE
- 

786.Background checks performed by the Regulatory Authority includes all the following except:

- 1.fingerprints, personal history and experience.
  - 2.state, national, and international criminal history.
  - 3.marital History.
  - 4.administrative, civil, or criminal findings by a governmental agency.
- 

787.True or False? The Regulator has both summons and examination authority over any loan originator as may be relevant or material to an investigation of such loan originator for compliance with the licensing requirements.

- 1.TRUE
  - 2.FALSE
- 

788.Each licensee shall make or compile reports or prepare other information as directed. Of the following reports/pieces of information most frequently required, which would NOT be required?

- 1.Accounting compilations
  - 2.Information lists and data concerning loan transactions in a format prescribed
  - 3.Such other information deemed necessary
  - 4.Loan types by each MLO
- 

789.The penalties issued by the Regulatory Authority are \_\_\_\_\_ penalties on mortgage loan originators.

- 1.civil

2.criminal

-----  
790. Confidentiality and information sharing by the NMLS about MLOs applies to all of the following EXCEPT:

1. employment history.
2. disciplinary actions against mortgage loan originators.
3. enforcement actions against mortgage loan originators.
4. credit scores.

-----  
791. The Nationwide Multistate Licensing System and Registry is developed and maintained by:

1. the Conference of State Bank Supervisors (CSBS) and the American Association of Residential Mortgage Regulators.
2. the American Association of Residential Mortgage Regulators (AARMR) and the National Mortgage Licensing System (NMLS).
3. the National Credit Union Administration (NCUA) and the Comptroller of the Currency.
4. the Federal Deposit Insurance Corporation (FDIC) and the National Credit Union Administration (NCUA).

-----  
792. In order to carry out the purposes of examination and investigation authority, all of the following may be done EXCEPT:

1. retain attorneys, accountants, or other professionals and specialists as examiners, auditors, or investigators to conduct or assist in the conduct of examinations or investigations.
2. use, hire, contract or employ public or privately available analytical systems, methods or software to examine or investigate the licensee, individual or person.
3. access personal and confidential information and distribute said information to the public in the event that doing so would be in the best interest of the general public.
4. accept and rely on examination or investigation reports made by other government officials, within or without the state.

-----  
793. True or False? The definition of a Mortgage Loan Originator does not include an individual engaged solely as a loan processor.

1. TRUE
  2. FALSE
-

794. The Regulatory Authority may appoint an examiner to work on behalf of the Regulator in making examinations of loan originator operations. What responsibilities do these examiners typically have?

1. Examiners may administer oaths and affirmations, make examinations and examination reports.
2. Examiners have the responsibility of paying assessments to the Secretary in conjunction with carrying out examinations.
3. Examiners have legal authority to summon loan originators to be present for court appointments.
4. Examiners have the authority to instigate a cease and desist proceeding if the Secretary is found improperly usurping his or her authority.

-----

795. The following definition describes which of the following? Any loan primarily for personal, family, or household use that is secured by a mortgage, deed of trust, or other equivalent consensual security interest on a dwelling or residential real estate upon which is constructed, or intended to be constructed, as a dwelling.

1. Residential Mortgage Loan
2. Residential Real Estate
3. Nontraditional Mortgage
4. Sub-Prime loan

-----

796. Each individual state has its own prohibited content information, however some prohibited acts are consistent in every state. All of the following would be considered a prohibited act except:

1. directly or indirectly employing any scheme, device, or artifice to defraud or mislead borrowers or lenders or to defraud any person.
2. engaging in any unfair or deceptive practice toward any person.
3. obtaining a loan on real property.
4. Soliciting or entering into a contract with a borrower that provides, in substance, that the person or individual subject to the S.A.F.E. Act may earn a fee or commission through "best efforts" to obtain a loan even though no loan is actually obtained for

-----

797. All of the following are considered Federal Banking Agencies except:

1. The Board of Governors of the Federal Reserve System, The National Credit Union Administration and The Federal Deposit Insurance Corporation.
  2. Mortgage Bankers.
  3. The Director of the Office of Thrift Supervision.
  4. The Comptroller of the Currency.
-

798. The following definition describes which of the following? Any loan primarily for personal, family, or household use that is secured by a mortgage, deed of trust, or other equivalent consensual security interest on a dwelling or residential real estate upon which is constructed, or intended to be constructed, a dwelling.

1. Residential Mortgage Loan
2. Residential Real Estate
3. Nontraditional Home
4. Construction Loan

-----

799. The Regulatory Authority may renew a mortgage loan originator's license if all of the following occurs except:

1. the originator continues to meet the minimum requirements.
2. the originator paid the fee to renew.
3. the originator has been involved in an act of fraud, dishonesty, or a breach of trust.
4. the originator satisfied the continuing education requirements.

-----

800. Each individual state has its own prohibited content information, however some prohibited acts are consistent in every state. Which of the following would not be considered a prohibited act?

1. Conduct any business covered by the S.A.F.E. Act without holding a valid license as required under this Act, or assist or aide and abet any person in the conduct of business under this Act without a valid license as required under this Act
2. Make disclosures as required by the S.A.F.E. Act and any other applicable state or federal law including regulations thereunder
3. Fail to comply with the S.A.F.E. Act or rules or regulations promulgated under this Act, or fail to comply with any other state or federal law, including the rules and regulations thereunder, applicable to any business authorized or conducted under this A
4. Make, in any manner, any false or deceptive statement or representation

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801. True or False? Requiring a consumer to pay a referral fee is considered prohibited conduct.

1. TRUE
2. FALSE

-----

802. True or False? It is the NMLSR, not the Regulator, who possesses the sole authority to require a person to cease and desist loan originating practices when there is reasonable cause to suspect the commission of a past or future violation.

1. TRUE
2. FALSE

-----  
803.Fill in the Blank. A Mortgage Lender shall maintain capital of not less than \$\_\_\_\_\_ per licensed location.

- 1.An amount determined by the state Regulatory Authority that reflects the dollar amount of loans originated.
- 2.100,000
- 3.200,000
- 4.300,000

-----  
804.Which of the following would not be considered a prohibited act?

- 1.Make any payment, threat or promise, directly or indirectly, to any person for the purposes of influencing the independent judgment of the person in connection with a residential mortgage loan, or make any payment threat or promise, directly or indirectly
- 2.Collect, charge, attempt to collect or charge or use or propose any agreement purporting to collect or charge any fee prohibited by the S.A.F.E. Act
- 3.Cause or require a borrower to obtain property insurance coverage
- 4.Fail to truthfully account for monies belonging to a party to a residential mortgage loan transaction.

-----  
805.True or False? If an applicant has been involved in an act of fraud, dishonesty, or a breach of trust, or money laundering at any time preceding the date of application, they will not be eligible for a license.

- 1.TRUE
- 2.FALSE

-----  
806.All of the following are considered a Federal Banking Agency EXCEPT:

- 1.The Board of Governors of the Federal Reserve System.
- 2.The Comptroller of the Currency.
- 3.the FDIC.
- 4.the NMLS.

-----  
807.True or False? An applicant who has had a loan originator license revoked previously is eligible for a license as long as they wait seven years before they apply for a new license.

- 1.TRUE
- 2.FALSE

-----  
808. True or False? Non-federally insured credit unions which employ loan originators, shall register such employees with the Nationwide Multistate Licensing System and Registry by furnishing the information concerning the employees' identity.

1. TRUE
  2. FALSE
- 

809. True or False? An applicant is ineligible for a license if they have been convicted of, or pled guilty or no contest to, a felony in a domestic, foreign, or military court in the seven years prior to their application for a license.

1. TRUE
  2. FALSE
- 

810. If a loan originator violates or fails to comply with requirements in a temporary cease and desist order, the Regulator may impose a civil penalty of up to how much?

1. \$10,000
  2. \$15,000
  3. \$25,000
  4. \$30,000
- 

811. The Regulatory Authority may do all of the following if an applicant fails to meet requirements for receiving a license except:

1. Deny a license or Decline to renew a license
  2. Revoke a license
  3. Charge higher fees for licensure
  4. Suspend a license
- 

812. The unique identifier of any person originating a residential mortgage loan shall be clearly shown on all of the following except?

1. Solicitations or advertisements.
  2. Any other documents as established by rule, regulation or order.
  3. All residential mortgage loan application forms.
  4. The office front door or marquee.
-



813. True or False? A loan originator who applies to be licensed again after expiration shall complete the Continuing Education requirements for the last year in which the license was held prior to issuance of a renewed license.

1. TRUE
2. FALSE

-----

814. A \_\_\_\_\_ is an interpretation of a Statute.

1. Statute
2. Rule
3. Bill
4. Legislator

-----

815. True or False? A mortgage loan originator may operate independent of employment by a licensed mortgage lender, mortgage broker, or mortgage servicer. The mortgage loan originator just needs to have a license.

1. TRUE
2. FALSE

-----

816. By taking and passing the UST, you will meet the exam requirements of how many states?

1. All States
2. Any future states that adopt the UST
3. Just the original 21 states
4. The original 29 states

-----

817. Which one of the following is not required to be licensed?

1. Any Mortgage Lender making less than five mortgage loans within any 12 consecutive months
2. Any person who acts as a Mortgage Broker less than 5 times within any 2 consecutive months
3. Independent loan processor contractors who engage in loan origination activities
4. An individual negotiating a residential mortgage loan with or on behalf of an immediate family member

-----

818. Under state law, the state licensing agency has the authority to conduct investigations of any loan originator that is licensed or required to be licensed. No person who is being examined or investigated may knowingly withhold information. This includes all of the following except:

- 1.being "gone" during an examination.
- 2.removing information.
- 3.mutilating or destroying information.
- 4.secretary any books or records (including computer records).

-----

819.True or False? No license may be revoked or suspended until after issuing a Notice and a Hearing.

- 1.TRUE
- 2.FALSE

-----

820.What percentage of the national test relates to Uniform State Content?

- 1.25%
- 2.23%
- 3.16%
- 4.13%

-----

821.Applicants may retake the exam a total of three (3) times with each retake occurring at least how long after the preceding exam?

- 1.thirty (30) days
- 2.fifteen (15) days
- 3.five (5) days
- 4.180 days

-----

822.A person operating without a license is subject to:

- 1.Imprisonment
- 2.Civil money penalties
- 3.Criminal court proceedings
- 4.NMLS disciplinary actions

-----

823.How many questions are on the National Test with the UST?

- 1.100 Questions
  - 2.125 Questions
  - 3.150 Questions
  - 4.175 Questions
-

824. True or False? It is the Secretary's responsibility to conduct an extensive study of the root causes of default and foreclosure of home loans, using as much empirical data as is available.

1. TRUE
2. FALSE

-----

825. How many of the 125 National Test with UST questions are scored?

1. 125
2. 120
3. 115
4. 110

-----

826. An applicant could still be eligible for a license under which of the following conditions?

1. The applicant was previously involved in an act of money laundering ten years prior to their application.
2. The applicant pled guilty to a felony in a domestic court eight years prior to their application.
3. The applicant has previously had a loan originator license revoked.
4. All of these conditions would be grounds for immediate rejection of an application.

-----

827. True or False? The SAFE Act encourages states to establish minimum standards for the licensing and registration of state-licensed mortgage loan originators.

1. TRUE
2. FALSE

-----

828. AARMR is the national association of executives and employees of the various states who are charged with the responsibility for administration and regulation of residential mortgage lending, servicing, and brokering, and dedicated to the goals described at [www.aarmr.org](http://www.aarmr.org). What does AARMR stand for?

1. American Association of Residential Mortgage Regulators
2. American Association of Real Estate Mortgage Regulators
3. American Academy of Residential Mortgage Regulators
4. American Association of Registered Mortgage Regulators

-----

829. True or False? The SAFE Act is designed (in part) to establish and maintain a nationwide mortgage licensing system and registry.

- 1.TRUE
- 2.FALSE

-----

830.The Regulatory Authority may do any of the following if an applicant fails to meet requirements for receiving a license except:

- 1.deny a license.
- 2.issue a license.
- 3.suspend a license.
- 4.revoke a license.

-----

831.Which of the following is required to be licensed?

- 1.An individual who negotiates a loan that serves as the individual's residence
- 2.A staff loan processor or underwriter (Not Contracted)
- 3.Any person solely involved in timeshare plans.
- 4.An individual who negotiates a mortgage loan for another for compensation

-----

832.Applicants may retake the exam a total of three (3) times with each retake attempt occurring at least how long after the preceding exam?

- 1.Thirty (30) days
- 2.Fifteen (15) days
- 3.One (1) week
- 4.One Month

-----

833.A licensed loan originator who is an instructor of an approved Continuing Education course may receive credit for the licensed loan originator's own annual Continuing Education requirement at the rate of:

- 1.one hour of credit for every one hour taught.
- 2.two hours of credit for every one hour taught.
- 3.three hours of credit for every one hour taught.
- 4.instructors may not receive credit in this way.

-----

834.Surety bonds must be maintained by:

- 1.licensees who will originate less than \$7,500,000.
- 2.licensees who will originate \$7,500,000 to \$14,999,999.99.
- 3.licensees who will originate \$15 Million to \$29,999,999.99.

4.all licensees, unless excluded by the Regulatory Authority.

-----

835.An example of prohibited conduct is:

- 1.Having the license number and NMLS number on advertising
  - 2.accepting fees from a consumer in the Loan Originator's own name.
  - 3.accepting fees in the name of the Loan Originator's employer.
  - 4.accepting fees payable to 3rd party providers.
  - 5.having the license number and NMLS number on advertising.
- 

836.The Unique Identifier, issued by NMLS, of any person originating a residential mortgage loan shall be clearly shown on all of the following except:

- 1.emails.
  - 2.advertisements.
  - 3.business cards.
  - 4.websites.
- 

837.Licensee must disclose license and NMLS Number in each of the following circumstances EXCEPT:

- 1.at the time fee is paid by loan applicant.
  - 2.on residential mortgage loan application forms.
  - 3.on solicitations / advertisements, including, without limitation, business cards and websites.
  - 4.on personal emails to family and friends.
- 

838.All of the following are examples of prohibited conduct, except:

- 1.Issuing a Satisfaction of Mortgage
  - 2.Failing to account for or disburse funds properly
  - 3.Paying compensation to an unlicensed individual
  - 4.Charging high rates or fees exceeding Predatory laws
- 

839.Upon the recovery of any claim on the bond, the licensee shall file a new bond:

- 1.within 3 months.
- 2.within 14 days.
- 3.within 5 days.
- 4.immediately.

-----  
840.It is permissible to sign a borrower's application or related documents on behalf of or instead of another Mortgage Broker, Lender, or Loan Originator as long as:

- 1.that individual has given consent.
- 2.the document must be submitted in a timely manner and the individual who needs to sign cannot do so.
- 3.there is a note indicating your action.
- 4.none of the above, this action is not permitted.

-----  
841.It is prohibited to advertise all of the following except:

- 1."immediate approval"
- 2."immediate closing"
- 3."instant closing"
- 4.VA lender

-----  
842.Monthly payments must generally be calculated by assuming that the loan is repaid in \_\_\_\_\_ during its term.

- 1.substantially equal monthly payments
- 2.substantially equal annual payments
- 3.substantially equal bi-weekly payments
- 4.unequal annual payments

-----  
843.What does TRID stand for?

- 1.TILA-RESPA Interspersed Documents
- 2.TILA-RESPA Integrative Discovery
- 3.TILA-RESPA Integrated Disclosures
- 4.TILA-RESPA Integrated Documents

-----  
844.The Loan Estimate must be:

- 1.Received within 3 days of the application
- 2.Disclosed within 3 days of the application
- 3.Sent within 3 business days of the application
- 4.Received within 3 business days of the application

-----  
845.All fees on the Loan Estimate fall into three (3) categories, these are?

- 1.Zero, 10% Cumulative and No Tolerance
- 2.Zero, 10% and Unlimited tolerance
- 3.Zero, 3% and 10% tolerance
- 4.10%, 10% and Zero tolerances

-----

846.The consumer can be charged an appraisal review fee?

- 1.Only after an appraisal and you know a review is needed
- 2.If the appraiser requests a review appraisal be completed
- 3.Never
- 4.Only if the review fee is disclosed on the Loan Estimate

-----

847.Home Owner Association (HOA) dues are disclosed:

- 1.Always on the Loan Estimate
- 2.If known and only on the Closing Disclosure
- 3.Never, as these fees are never charged by the creditor
- 4.Only after the fee is known

-----

848.Are State-specific disclosures replaced by the new Loan Estimate and Closing Disclosure?

- 1.These are new Federal Disclosures and do replace all state disclosures
- 2.Federal disclosures never replace state specific disclosures
- 3.Federal disclosures cannot be superseded by state disclosures
- 4.State disclosures are now consolidated by the new LE and CD disclosures

-----

849.Seller's Closing Disclosures not prepared by the creditor must be:

- 1.Kept for five (5) years
- 2.Never be kept as sellers are not taking out a loan
- 3.Reviewed for accuracy but does not need kept as part of the transaction
- 4.Kept for three (3) years

-----

850.The maximum penalty that can be levied for a violation of the Patriot Act is:

- 1.\$10,000
- 2.\$25,000
- 3.\$50,000
- 4.\$1,000,000

-----  
851. What is the definition of a business day for the Loan Estimate disclosure?

1. Monday through Friday
2. Monday through Saturday
3. Any day on which the creditor's offices are open to the public for carrying out substantially all of its business functions
4. Monday through Saturday except Sundays and all Federal holidays

-----  
852. True or False. There is more than one definition of business day for TRID.

1. TRUE
2. FALSE

-----  
853. How many days do you have to correct a non-numeric clerical error on the Closing Disclosure?

1. 10 day after consummation
2. 20 days after consummation
3. 30 days after consummation
4. 60 days after consummation

-----  
854. Which of the following would usually not fall into the zero tolerance category?

1. Transfer Taxes
2. Credit Report
3. Title Insurance
4. Appraisal

-----  
855. Which of the following would fall into the 10% cumulative tolerance category if the consumer were allowed to shop?

1. Origination Fee
2. Title Insurance Fee
3. Underwriting Fee
4. Processing fee

-----  
856. Which of the following would not require a redisclosure of the CD and start the 3 day wait time over?

1. Addition of a pre-payment penalty
2. The adjustment of a fee to bring it into compliance



- 3.A change in APR above .125 on a fixed rate
- 4.A change in APR above .250 on an ARM

-----

857.At the top of page 3 of the Loan Estimate. Who is the primary contact on the loan?

- 1.The Lender
- 2.The Loan Officer
- 3.The Settlement Agent
- 4.The Broker

-----

858.The Lender Credit section of the LE and CD can be found where?

- 1.Section A
- 2.Section D
- 3.Section I
- 4.Section J

-----

859.The guide booklet for all purchase and refinance transactions using the LE and CD is called?

- 1.Settlement Cost booklet
- 2.Your Home Loan Toolkit
- 3.HUD Closing Cost guide
- 4.CHARM booklet

-----

860.The Loan Estimate after disclosure must be kept for how long?

- 1.Until Consummation
- 2.For 60 days after consummation
- 3.For 3 years after disclosure
- 4.For 5 years after disclosure

-----

861.The Closing Disclosure must be kept for how long?

- 1.For 60 days after consummation
- 2.For 3 years after disclosure
- 3.For 5 years after disclosure
- 4.For 1 year after consummation

-----

862.Total Loan Costs includes all of the following except:

1. Origination Charges
2. Services you Can Shop For
3. Services You Cannot Shop For
4. Prepaids

-----

863. Up to 30 days after consummation, creditors are permitted to issue revised \_\_\_\_\_ only in certain situations such as when changed circumstances result in increased charges.

1. Closing Disclosures
2. Loan Estimates
3. GFEs
4. TILs

-----

864. How long must a creditor or servicer retain the Escrow Closing Notice and the Post-Partial Payment Policy disclosure?

1. 5 years
2. 2 years
3. 3 years
4. 10 years

-----

865. Borrowers must receive the new Closing Disclosure form:

1. On the day the borrower signs
2. No later than 48 hours after the borrower signs
3. No later than seven business days before the borrower signs
4. No later than three business days before consummation

-----

866. What is the general accuracy requirement for any amounts listed on the LE?

1. Must be within 10 percent of actual cost.
2. No more than \$100 per category.
3. There is no general requirement.
4. Estimates must be made in Good Faith.

-----

867. What is the soonest you can send a Closing Disclosure after the Loan Estimate?

1. You don't have to send it after, if you need to update the LE, you can do so after the CD was sent as long as you send another CD after it.
2. Same day.

- 3.You have to wait at least one day between sending.
- 4.You have to wait at least three days between sending.

-----

868.Which law prohibits discrimination based upon disability?

- 1.ECOA
  - 2.Reg. C
  - 3.Fair Housing Act
  - 4.RESPA
- 

869.Which law promotes informed use of credit by requiring the disclosure of the APR to the borrower?

- 1.Reg. C
  - 2.RESPA
  - 3.Reg. B
  - 4.TILA
- 

870.Which law promotes informed shopping by requiring the disclosure of settlement services to the borrower?

- 1.Reg. C
  - 2.RESPA
  - 3.Reg. B
  - 4.TILA
- 

871.Which of the following applies to the right of rescission except:

- 1.It's only available on owner occupied refinance transactions
  - 2.The lender is required to provide 2 copies of the notice of right to rescind at closing
  - 3.The borrower has 4 days from choosing to rescind the loan
  - 4.If the borrower does not receive the 2 copies of the notice of right to rescind the borrower has 3 years to rescind the loan
- 

872.Which of the following would be considered a trigger term except:

- 1.Low down payment for qualified borrowers
- 2.\$500 a month mortgage payments
- 3.3% interest rate
- 4.\$1,000 down

-----  
873. Which types of loan are governed by HOEPA?

1. Higher priced loan
2. High cost loan
3. Subprime loans
4. Qualified mortgages

-----  
874. Which federal law allows borrowers to request PMI cancellation when their LTV reaches 80%?

1. Homeowners Protection Act
2. Reg. Z
3. RESPA
4. Home Ownership and Equity Protection Act

-----  
875. Which of the following is not a HOEPA trigger test?

1. APR Test
2. Points and Fees Test
3. Prepayment penalty Test
4. Rescission Test

-----  
876. Section 35 of TILA governs what type of loan?

1. High Cost
2. Higher priced
3. Subprime loans
4. Open-ended loans

-----  
877. Which federal law restricts the use of credit reports and requires accuracy on credit report?

1. FCRA
2. FACTA
3. Gramm-Leach-Bliley
4. Red Flags Rule

-----  
878. Which federal law was put into place to improve consumer's access to credit information?

1. FCRA
2. FACTA

3. Gramm-Leach-Bliley
4. Red Flags Rule

-----

879. Which federal law prohibits someone from inquiring about childbearing?

1. HMDA
2. ECOA
3. Fair Housing Act
4. RESPA

-----

880. What law requires the collection of race, ethnicity and sex for the purpose of preventing and detecting discriminatory practices?

1. HMDA
2. ECOA
3. Fair Housing Act
4. RESPA

-----

881. All of the following are true about the FTC Red Flags Rule except:

1. Protect sensitive personal data
2. Require the implementations of a written plan to detect and prevent identity theft
3. It is enforced by the CFPB
4. The penalty for noncompliance is \$3,500

-----

882. Which of the following is not true about the Dodd-Frank Act:

1. It created the CFPB
2. It prohibits unfair lending practices
3. It expanded consumer protection on high-cost mortgages
4. It created the NMLS

-----

883. What law requires that a cash transaction of more than \$5,000 be reported?

1. BSA/AML
  2. Dodd-Frank
  3. FTC Red Flags
  4. RESPA
-

884. According to FCRA, how often is a consumer entitled to a free copy of their credit score?

1. Never
2. Annually
3. Twice a year
4. Once every two years

-----

885. The Red Flags Rule is part of what law?

1. FACTA
2. FCRA
3. Gramm-Leach-Bliley Act
4. The MAP Rule

-----

886. What federal law created the idea of a qualified mortgage?

1. Dodd-Frank
2. TILA
3. RESPA
4. ECOA

-----

887. What law requires identification be provided on a mortgage transaction?

1. Gramm-Leach-Bliley
2. Red Flags Rule
3. USA Patriot Act
4. BSA/AML

-----

888. What law prohibits loan originators compensation from being based on terms of a loan?

1. Qualified Mortgage
2. Ability to Repay
3. Loan Originator Compensation
4. Regulation X

-----

889. A mortgage loan originator is required to keep a record of compliance with TILA for how many years?

1. 2 years
2. 3 years
3. 5 years

4.7 years

-----

890. What federal law details the licensing requirements for mortgage loan originators?

1. Dodd-Frank
  2. SAFE Act
  3. TILA
  4. Loan Originator Compensation
- 

891. For a loan to be considered a QM loan, it must meet certain requirements. Which of the following is not one of those requirements?

1. The loan cannot have any negative amortization
  2. The loan cannot have an interest only payment
  3. The loan cannot have a balloon payment
  4. The loan cannot have a prepayment penalty
- 

892. Under what law does the Ability to Repay Rule fall under?

1. TILA
  2. RESPA
  3. Dodd-Frank
  4. ECOA
- 

893. Which of the following is not one of the new disclosures required under TRID?

1. The Loan Estimate
  2. The Closing Disclosure
  3. The Home Loan Toolkit
  4. The Adverse Action Notice
- 

894. Which of the following transactions is not governed by the new TRID Rules?

1. A reverse mortgage
  2. A closed-end second mortgage
  3. A refinance transaction
  4. A purchase money transaction
- 

895. What law allows for e-signatures as long as the borrower gives permission?

- 1.The Electronic Signatures in Global and National Commerce Act
- 2.The Dodd-Frank Act
- 3.Gramm-Leach-Bliley
- 4.Homeowners Protection Act

-----

896.Which of the following is not one of the three rules outlined within the Gramm-Leach-Bliley Act?

- 1.Safeguards Rule
- 2.Pretexting Rule
- 3.Ability to Repay Rule
- 4.Opt-Out Rule

-----

897.George has a loan that is amortizing over 30 years, but he will be required to pay the remaining principal in 15 years. What is this called?

- 1.A balloon payment mortgage
- 2.An adjustable rate mortgage
- 3.An interest-only mortgage
- 4.A reverse mortgage

-----

898.Which of the following would describe a non-conforming loan?

- 1.Non-conforming loans do not follow FHA guidelines
- 2.Non-conforming loans do not follow Fannie Mae and Freddie Mac guidelines
- 3.Non-conforming loans follow Fannie Mae and Freddie Mac guidelines
- 4.Non-conforming loans are subprime loans

-----

899.Which of the following is true about an adjustable rate mortgage?

- 1.Adjustable rate mortgages payments never change
- 2.Adjustable rate mortgages interest rates are fixed
- 3.Adjustable rate mortgages interest rates are not fixed
- 4.Adjustable rate mortgage always includes interest-only periods

-----

900.According to the Qualified Mortgage Rule, what is the maximum percentage limit on the total obligation debt to income ratio for a qualified mortgage?

- 1.41%
- 2.36%



3.28%  
4.43%

-----  
901. What is used to buy down a person's interest rate and costs 1% of the loan amount?

1. An origination point
2. A discount point
3. Par rate
4. Prime rate

-----  
902. What is the name of the automatic underwriting system used by Fannie Mae?

1. Loan Prospector
2. Desktop Underwriter
3. Direct Endorser
4. Loan Underwriter

-----  
903. What is the name of the automatic underwriting system used by Freddie Mac?

1. Loan Prospector
2. Desktop Underwriter
3. Direct Endorser
4. Loan Underwriter

-----  
904. FHA allows seller concessions. What is the maximum amount of seller concessions allowed on an FHA loan?

1. 10%
2. 4%
3. 6%
4. 8%

-----  
905. Luke is a mortgage loan originator, and he is working with a new borrower. Luke needs to determine how much the home is worth versus the loan amount that the new borrower is requesting. What is Luke attempting to determine?

1. The borrower's debt-to-income ratio
2. The borrower's loan amount
3. The borrower's appraised value
4. The borrower's loan to value ratio

-----  
906. Daniel is looking to qualify his borrower for a conventional loan. He is attempting to determine the borrower's back-end debt-to-income ratio. What is the maximum back-end DTI ratio that Daniel can use on a conventional loan?

- 1. 1.41%
- 2. 2.36%
- 3. 3.28%
- 4. 4.32%

-----  
907. Rebecca just recently passed the bar exam and became a licensed attorney. She is looking to purchase a new home, and her mortgage loan originator suggested that they look into a loan that has lower payments at the beginning and the payments then increase during the life of the loan. What type of loan is this?

- 1. A bridge mortgage
- 2. A graduated payment mortgage
- 3. A reverse mortgage
- 4. An adjustable rate mortgage

-----  
908. Trevor just received a promotion at work that is going to require him to move across the country. What type of loan might Trevor use to help him between selling his previous home and buying his new home?

- 1. A bridge mortgage
- 2. A graduated payment mortgage
- 3. A reverse mortgage
- 4. An adjustable rate mortgage

-----  
909. Under ECOA, the lender is required to provide the borrower a reason for denial. How long does the lender have to provide that reason?

- 1. 60 days
- 2. 90 days
- 3. 30 days
- 4. 120 days

-----  
910. Hank just received an appraisal fee from his borrower. What type of account should Hank put this appraisal fee until it is paid to the appraiser?

- 1. In an investment account
- 2. In an interest bearing savings account

3. In an escrow account
4. In the lender's general operating account

-----

911. Gregory's loan is \$125,000. For it to be considered a qualified mortgage, the points and fees cannot exceed what amount?

1. \$3,750
2. \$6,250
3. \$5,000
4. \$10,000

-----

912. Jordan has a bankruptcy on her credit report. How long can that bankruptcy continue to stay on her credit report?

1. 10 years
2. 7 years
3. 5 years
4. 2 years

-----

913. What two pieces of information is needed to determine what an adjusted interest rate will be on an adjustable rate mortgage?

1. The margin and the index
2. The margin and the current interest rate
3. The index and the current interest rate
4. The margin, the index, and the current interest rate

-----

914. Which disclosure, required to be sent three days after application, indicates to the borrower whether or not the servicing of their loan may be sold or transferred?

1. The Mortgage Servicing Disclosure
2. The Service Providers List
3. The Home Loan Toolkit
4. The Affiliated Business Arrangement Disclosure

-----

915. An Alt-A or Alt Doc loan would be considered a type of:

1. Adjustable rate mortgage
2. Subprime mortgage
3. Jumbo loan mortgage
4. Nontraditional mortgage

-----  
916.Hannah is purchasing a new property. The taxes on her new home are \$1200 a year and the hazard insurance on her new home are \$1400 a year. How much can the lender collect at closing to start Hannah's escrow account?

- 1.\$217
  - 2.\$432
  - 3.\$200
  - 4.\$316
- 

917.Which of the following is a government sponsored entity?

- 1.Fannie Mae
  - 2.Ginnie Mae
  - 3.FHA
  - 4.The USDA
- 

918.A Section 203K loan is a:

- 1.FHA program
  - 2.A reverse mortgage
  - 3.A VA program
  - 4.A Fannie Mae program
- 

919.A HECM is what type of loan:

- 1.Reverse mortgage
  - 2.Bridge loan
  - 3.Graduated payment mortgage
  - 4.Line of credit
- 

920.Joanna is looking to purchase a property for \$750,000. What type of loan would Joanna need to receive?

- 1.A Reverse Mortgage
  - 2.A bridge loan
  - 3.A jumbo loan
  - 4.A line of credit
- 

921.A reverse mortgage has which of the following features?

- 1.A prepayment penalty
- 2.Negative amortization
- 3.Graduated payments
- 4.Two closings

-----

922.An IRRRL is what type of loan?

- 1.A VA streamline loan
- 2.An FHA streamline loan
- 3.A USDA purchase loan
- 4.A VA cash-out loan

-----

923.Anna is looking to purchase a new home. She lives in a small town of under 20,000 people. What loan program would be a good option for her?

- 1.A VA loan
- 2.A USDA loan
- 3.An FHA loan
- 4.A conventional loan

-----

924.Which of the following borrowers would be a good fit for a reverse mortgage?

- 1.Janet, who is 50 years old and owns her house, outright
- 2.Howard who is 66 years old and just purchased his home 3 years ago
- 3.Margaret who is 63 years old and owes only \$10,000 on her current mortgage
- 4.Saul who is 62 years old and owes \$100,000 on his home

-----

925.When must the Home Loan Toolkit be provided to the borrower?

- 1.3 days after application
- 2.3 days before closing
- 3.At the time of application
- 4.7 days after application

-----

926.Liza is purchasing a new home. The purchase price of the home is \$200,000. She has put down \$2,000 in earnest money. If she is receiving FHA financing, how much more will she need for her down payment?

- 1.\$7,000
- 2.\$5,000

- 3.\$4,000
- 4.\$18,000

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927.For an interest-only loan of \$210,000 with an interest rate of 3%, what would the monthly interest payment be?

- 1.\$525
- 2.\$630
- 3.\$360
- 4.\$750

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928.Which best describes the housing ratio?

- 1.The total cost of all debt divided by the borrower's gross monthly income
- 2.The total cost of all housing expenses divided by the borrowers gross monthly income
- 3.The total cost of all debt divided by the borrowers net monthly income
- 4.The total cost of all the housing expenses divided by the borrower net monthly income

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929.Which best describes the total debt ratio?

- 1.The total cost of all debt divided by the borrowers gross monthly income
- 2.The total cost of all housing expenses divided by the borrowers gross monthly income
- 3.The total cost of all debt divided by the borrowers net monthly income
- 4.The total cost of all the housing expenses divided by the borrower net monthly income

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930.According to MDIA, what is the waiting period once initial disclosures are provided to the borrower before the loan can close?

- 1.10 business days
- 2.7 business days
- 3.5 business days
- 4.3 business days

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931.Which of the following is not a type of appraisal?

- 1.Income Approach
  - 2.Sales Comparison Approach
  - 3.Investment Approach
  - 4.Cost Approach
-

932. What type of appraisal uses compares multiple similar recently sold properties to a borrower's property to determine the value?

1. Income Approach
2. Sales Comparison Approach
3. Cost Approach
4. Investment Approach

-----

933. What type of appraisal takes the cost of rebuilding the property, plus the cost of the land the property is on and subtracts any depreciation to determine a value of the property?

1. Income Approach
2. Sales Comparison Approach
3. Cost Approach
4. Investment Approach

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934. Section X on the 1003 is where information regarding what federal law goes?

1. HMDA
2. ECOA
3. QM
4. ATR

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935. Jamie is looking to refinance his property. He currently owes \$55,000 on a first mortgage and pays a 4% interest rate on it. He also owes \$5,000 on a HELOC paying 6% interest on it. He wants to obtain some cash-out and is expecting to get at least \$30,000. The appraisal came in at \$200,000. He also has a tax lien of \$1,200 on the property and \$4,000 in credit card debt he'd also like to eliminate. He qualifies for an 80% LTV and the closing costs are going to be \$3,000 on the new loan. How much cash will Jamie have available?

1. \$93,000
2. \$97,000
3. \$91,800
4. \$95,800

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936. Hugo is looking to refinance his current property. He currently pays \$1200 a month on his home. He also pays \$500 a month in child support, \$200 for his cell phone, \$300 for his student loans, \$150 for his credit cards and \$200 for his car insurance. Hugo makes \$4000 a month gross. What is Hugo's total debt ratio?

1. 50%
2. 43%

- 3.53%
- 4.51%

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937. Allie is looking to purchase a new property. She currently makes \$3,200 a month gross. What would be the maximum payment she could have on her new property?

- 1. \$1,376
- 2. \$992
- 3. \$2,208
- 4. \$2,308

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938. Reginald works a full-time job as a schoolteacher and makes \$43,000 a year. He also has been working a part-time job for the last two years working 10 hours a week at \$10.50 an hour. His wife, Julia, works as a medical assistant and makes \$22.50 an hour and works 45 hours a week. What is their gross monthly income?

- 1. \$3,762
- 2. \$4,631
- 3. \$7,207
- 4. \$8,426

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939. Carlisle currently has an ARM and his ARM is going to adjust for the first time. The margin on his ARM is 2.25 and his ARM is tied to the LIBOR, and it's currently sitting at 1.25. What would be his interest rate if it adjusted today?

- 1. 2.25%
- 2. 1.25%
- 3. 4.50%
- 4. 3.50%

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940. What would be the minimum down payment on a VA loan of \$150,000?

- 1. \$4,500
- 2. \$5,250
- 3. \$7,500
- 4. \$0

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941. What would be the minimum down payment on a FHA loan of \$200,000?

- 1. \$7,000



- 2.\$6,000
- 3.\$20,000
- 4.\$40,000

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942.What event occurs when the 3-day right of rescission has passed?

- 1.Closing
- 2.Funding
- 3.Post-Closing
- 4.Underwriting

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943.How many years of employment is required to be disclosed on the 1003?

- 1.2 years
- 2.3 years
- 3.10 years
- 4.7 years

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944.The Uniform Residential Loan Application is also known as the:

- 1.1002
- 2.4506T
- 3.MU-4
- 4.1003

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945.When considering a VA loan, what additional type of income must be considered?

- 1.Residual Income
- 2.Social Security Income
- 3.Child Support Income
- 4.Investment Income

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946.What type of mortgage requires upfront mortgage insurance and monthly mortgage insurance?

- 1.VA
  - 2.USDA
  - 3.Conventional
  - 4.FHA
-

947. What type of mortgage requires a funding fee?

1. VA
2. USDA
3. Conventional
4. FHA

-----  
948. When an individual is reviewing a loan file to determine that risk involved for the lender and to determine whether the borrower meets the requirements for the loan they are considered to be doing what to the loan?

1. Processing
2. Underwriting
3. Originating
4. Closing

-----  
949. When an individual is collecting documents for the purpose of completing the loan file, what are they considered to be doing to the loan?

1. Processing
2. Underwriting
3. Originating
4. Closing

-----  
950. The document that conveys ownership of real property from one person to another is known as the:

1. Mortgage
2. Deed
3. Title
4. Promissory Note

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951. Agatha wants to purchase two discount points, and there are two origination points on her loan. The sales price of the property is \$150,000, and she is putting 10% down on the property. How much are the discount points and origination points going to cost her?

1. \$5,400
  2. \$6,000
  3. \$1,500
  4. \$1,350
-

952. The legal link between a person who owns property and the property itself is the:

1. Title
2. Deed
3. Mortgage
4. Promissory Note

-----  
953. An agreement to indemnify against loss arising from a defect in title to real property, usually issued to a buyer of the property by the title company that conduct the search is:

1. Homeowners insurance
2. Title insurance
3. Title search
4. Hazard insurance

-----  
954. Andrew has been paying interest-only payments on his mortgage of \$500 a month for the past 10 years, the interest rate on the loan was 4%. At year 15, he will be required to pay a balloon payment. The principal balance at the time the loan closed was \$172,000. What will be the balloon payment?

1. \$103,200
2. \$68,800
3. \$172,000
4. \$170,000

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955. Which of the following would NOT be considered a change of circumstance and allow the lender to re-disclose the Loan Estimate?

1. An Act of God changes the condition of the property
2. The borrower decides to change from an ARM to a fixed rate product
3. The borrower's appraisal comes in low and to continue with the loan they need to change from a conventional to an FHA loan
4. The initial Loan Estimate indicates that the interest rate will be locked, and the mortgage loan originator forgets to lock the loan, and the interest rate goes up the next day, so the mortgage loan originator re-discloses the Loan Estimate with the new r

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956. Travis is disclosing an origination fee of \$1200 on the initial Loan Estimate. What is the maximum that origination fee can change between the Loan Estimate and the Closing Disclosure?

1. 10% cumulatively
2. It can go up as much as Travis wants

3. There is zero tolerance, and it cannot change at all
4. It can go up \$100 only

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957. Which of the following would not be prohibited under the Loan Originator Compensation Rule?

1. A mortgage loan originator receives 10% additional for each ARM that they close
2. A mortgage loan originator receives \$1,000 for selling a loan with an interest rate of over 4%
3. A mortgage loan originator receives a flat fee for each loan that they close
4. A mortgage loan originator receives a \$5,000 bonus for loans over \$250,000 that they close

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958. Which federal law prohibits mortgage relief service providers from requiring an advance fee before the provider has obtained and the borrower has accepted a written offer from the borrower's lender or servicer?

1. Reg. N
2. Reg. O
3. Reg. X
4. Reg. Z

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959. A lender services a large metropolitan area but refuses to lend in one specific area because the people in that area are low-income. This would be considered:

1. Reverse redlining
2. Redlining
3. Blockbusting
4. Steering

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960. Lola is working on a loan for her sister, Joan. She knows Joan is currently receiving child support, and Joan has authorized Lola to use that income to qualify her. Lola also knows that her nephew is 17 years old, and once he turns 18, Joan's child support payment will drop dramatically. Lola decides to indicate on the 1003 that Joan's oldest child is 14 instead of 17 to help Joan qualify for the loan. This would be considered:

1. Negligence
2. Actual Fraud
3. Misrepresentation
4. A good deed

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961. Genevieve wants to buy a home, but her credit score took a tank after her divorce. Her brother, Donald has a great credit profile, though, and she asks him to apply for a loan for her. Genevieve promises Donald that she will pay the mortgage. What would Donald be considered?

1. A good brother
  2. A straw buyer
  3. An investor
  4. A mortgage relief service provider
- 

962. Under what federal legislation, is a lender required to allow a borrower to opt-out of having their nonpublic personal information disclosed to a third party?

1. Gramm-Leach-Bliley
  2. The USA Patriot Act
  3. FACTA
  4. FCRA
- 

963. Alexandra is a licensed mortgage loan originator, and she works for a licensed mortgage lender. Alexandra also works part time as a mortgage loan originator at her friend's brokerage. Is Alexandra doing anything wrong?

1. Yes, Alexandra is working simultaneously for two companies, which is prohibited
  2. No, Alexandra is properly licensed
  3. Yes, Alexandra is not properly licensed
  4. No, Alexandra can work for more than 1 company at a time
- 

964. Javier is looking to purchase a home, but he does not make enough money to obtain the loan that he wants. Javier, instead of looking for a less expensive property, changes his W-2 to reflect that he is making an additional \$1,000 a month. What type of fraud is this?

1. Fraud for property
  2. Fraud for profit
  3. Fraud for criminal enterprise
  4. Negligent fraud
- 

965. Which of the following is not considered a protected class under Reg. B?

1. Age
2. Disability
3. Sex
4. National Origin

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966. John intentionally tells the mortgage loan originator that he is working for that he only pays \$1500 in child support when he pays \$2000 in child support. This would be considered:

1. Material misstatement
2. Omission
3. Collusion
4. Inflation

-----  
967. Logan wants to buy an investment property but knows that he will get better terms on the loan if he tells the lender that this is his primary residence. What type of fraud would Logan be committing?

1. Occupancy Fraud
2. Identity Theft
3. Asset Fraud
4. Income Fraud

-----  
968. Kay is behind on her mortgage payments and is concerned that she will soon be going into the foreclosure process. Kay receives a phone call from a company stating that they can help her avoid foreclosure if she pays them \$3,000 upfront to discuss options with her servicer. What type of scheme is likely occurring in this situation?

1. Loan Flipping
2. Foreclosure Rescue Scheme
3. Illegal Property Flipping
4. Equity Skimming

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969. Michael does not have enough money to put 20% down on his conventional loan to avoid PMI but really can't afford the payment with the additional cost. Instead of looking for the additional money to put down in cash, Michael contacts a second lender who lends him the additional money he needs to put the 20% down. That second lender and the loan Michael receives is never disclosed to the 1st lender. What would that second loan be considered?

1. A silent second
2. A second lien loan
3. A payday loan
4. A home equity line of credit

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970. Travis is a mortgage loan originator, and he primarily does refinances for borrowers. He has a borrower, Steve, who calls him once a year to refinance and every time Travis refinances his

property even though Steve does not need to refinance. Travis does this to make sure that he receives the fees for the refinance. What would this be considered?

1. Steering
  2. Churning
  3. Chunking
  4. Redlining
- 

971. Renee is a real estate broker working for a property developer. She has been going door-to-door discussing with homeowners in a certain area the possibility of them selling. She often tells these homeowners that there has been an increase of Latinos moving into the area and that they really should move now before their property values drop because of this influx of lower income individuals. This would be considered:

1. Redlining
  2. Reverse Redlining
  3. Blockbusting
  4. Churning
- 

972. What type of fraud scheme usually includes a “get rich quick” real estate seminar?

1. Chunking
  2. Churning
  3. Redlining
  4. Illegal Property Flipping
- 

973. What type of scheme is usually occurring when there is a nonexistent property?

1. Air Loan
  2. Chunking
  3. Churning
  4. Illegal Property Flipping
- 

974. There is a lender working in a large metropolitan area, but currently, they are targeting a low-income neighborhood and charging more for their loans because the individuals in the area are mostly African American. This would be considered:

1. Chunking
  2. Churning
  3. Reverse Redlining
  4. Redlining
-

975. A lender has a policy that only individuals between the age of 25-45 can receive home loans of over \$200,000. What would this be considered:

1. Disparate Treatment
2. Disparate Impact
3. Discrimination
4. Blockbusting

-----

976. A lender has a policy that they never lend less than \$70,000 because they can't make any money off of loans lower than \$70,000. What would this be considered:

1. Disparate Treatment
2. Disparate Impact
3. Discrimination
4. Blockbusting

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977. The application for a mortgage loan originator would be denied for all of the following reasons except:

1. The applicant had a mortgage loan originator license revoked
2. The applicant was convicted of a felony 5 years ago
3. The applicant has a foreclosure on their credit report from 4 years ago
4. The applicant has had seriously delinquent accounts in the past 3 years

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978. How many hours of continuing education are required for mortgage loan originators?

1. 8 hours
2. 10 hours
3. 12 hours
4. 20 hours

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979. As part of a mortgage loan originator applicants pre-licensing education, how many hours must be focused on federal law?

1. 2 hours
2. 3 hours
3. 4 hours
4. 10 hours

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980. Which of the following is not a penalty that the state regulatory authority can levy against a licensee?

1. Restitution
  2. Imprisonment
  3. License Suspension
  4. License Revocation
- 

981. Which of the following would be considered a mortgage loan originator?

1. Alexia is discussing a rate lock with a borrower
  2. Henry is determining whether a borrower can repay the proposed loan
  3. Jane is requesting a verification of employment from a borrower's employer
  4. Jackson is discussing with a borrower the need for additional documentation for their loan
- 

982. Andrew's borrower wants to refinance his home and Andrew has put together some great options. Of those options, Andrew wants his borrower to choose the ARM option because his company is giving bonuses to everyone who sells an ARM. Andrew pressures his borrower into choosing that option. Andrew is guilty of what?

1. Steering
  2. Churning
  3. Chunking
  4. Flipping
- 

983. Which of the following would not be a prohibited practice regarding an appraisal?

1. Threatening non-payment to manipulate the appraiser into raising the value of the property
  2. Bribing the appraiser for a higher appraised value
  3. Requesting that the appraiser review additional comparables
  4. Refusing to use an appraiser again if they do not change the value on an appraisal
- 

984. Which of the following must have an MLO license?

1. June, who is working as an attorney and negotiating terms on a loan for her client as part of her job as an attorney
  2. William, who extends credit solely on timeshare plans
  3. Jackson, who is negotiating the terms of a loan on his primary residence
  4. Lola, who is working as an independent contractor underwriter and is underwriting loans
-

985. Which of the following is not required as part of the application process for a mortgage loan originator?

1. Fingerprints
2. Background Check
3. Interview of Professional References

4.  
Credit Check

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986. What entity was created by CSBS and AARMR for the purpose of licensing and registering mortgage loan originators?

1. The NMLS
  2. The CFPB
  3. The CSBS/AARMR Database
  4. The FTC
- 

987. Which of the following would NOT be considered a non-traditional mortgage product?

1. An FHA 15 year mortgage
  2. A VA 25 year mortgage
  3. A Conventional 5/1 ARM
  4. A Conventional 30-year mortgage
- 

988. Arnold is a licensed mortgage loan originator and is looking to renew his license. By what date does Arnold have to renew his license before it would expire?

1. 31-Dec
  2. 1-Jan
  3. 1-Nov
  4. 25-Dec
- 

989. Lucy has taken the National Test Component with the Uniform State Test two consecutive times and failed, how long must she wait before she can take it again?

1. 30 days
  2. 6 months
  3. 60 days
  4. 90 days
- 

990. A licensed mortgage lender may not do which of the following in their advertising?

1. Publish an advertisement that does not include the lender's unique identifier on their advertisement
2. Publish an advertisement with their exact name as it appears on their license

- 4.
3. Publish an advertisement that shows an insignia designating membership in a particular state association

Publish an advertisement that shows the lender's exact address as it appears on their license

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991. For the purpose of complying with HMDA rules, a mortgage loan originator must ask all of the following questions except?

1. The borrower's race
  2. The borrower's ethnicity
  3. The borrower's marital status
  4. The borrower's sex
- 

992. Which of the following situations would be considered a prohibited act or practice?

1. Tyler discusses with a borrower particular rates and terms that they qualify for
  2. Laurie, an independent contract processor, renews her mortgage loan originator license
  3. Riley, working as a processor for a mortgage lender, discusses specific options for locking a borrower's loan
  4. Eileen, a mortgage loan originator, provides an additional appraiser comparable with the hopes that the appraiser might change the value on her borrower's appraisal
- 

993. Which of the following flood zones require flood insurance?

1. Zone A
  2. Zone B
  3. Zone Y
  4. Zone Z
- 

994. The estimate closing costs on the mortgage loan disclosed either on the Good Faith Estimate or Loan Estimate are good for:

1. 3 days
  2. 7 days
  3. 10 days
  4. 21 days
- 

995. How many days prior to consummation or closing is the final Loan Estimate required to be provided to the borrower?

4.
  - 1.21 days before consummation or closing
  - 2.10 days before consummation or closing
  - 3.7 days consummation or closing
  - 4 days consummation or closing

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996. After initial disclosures and the borrower has given you their Intent to Proceed what other initial disclosure do you need to send the borrower?

1. Nothing, unless there is a Change of Circumstance
2. A new and final Loan Estimate
3. A Good Faith Estimate
4. A settlement Statement

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997. On which two documents would a Pre-Payment Penalty be disclosed?

1. Closing Disclosure and Truth In Lending Disclosure
  2. Note and Truth In Lending Disclosure
  3. Deed of Trust and Intent to Proceed
  4. Closing Disclosure and Loan Estimate
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