

## Mortgage Lending P&P Final Exam 1

1. Which federal law requires that the Loan Estimate be provided to the borrower within three business days of the time a loan application is taken?
  - a. ECOA
  - b. HMDA
  - c. RESPA
  - d. TILA
  
2. What type of scam entails homeowners who are encouraged to refinance their property over and over until little or no equity remains?
  - a. extreme lending
  - b. churning
  - c. property skimming
  - d. reverse equity
  
3. After a loan closing, funds are disbursed. When are the funds disbursed for an owner-occupied primary residential refinance?
  - a. after the three business-day rescission period
  - b. at the time of the loan closing
  - c. five business days after the closing
  - d. right before the loan closing
  
4. What is the adjustable number used to compute the interest rate on an ARM called?
  - a. cap
  - b. index
  - c. margin
  - d. prepayment
  
5. A borrower is buying a house for \$180,000. He provides a down payment of \$40,000. If he pays three discount points, what is the total cost of the points?
  - a. \$4200.
  - b. \$4667
  - c. \$5400
  - d. \$6000
  
6. Which days are counted as part of the CD three business day delivery period?
  - a. Weekend
  - b. Federal Holiday
  - c. Sunday
  - d. Monday through Saturday

7. A Latina applies to a mortgage company for a home loan. She is refused based on the reputation of the neighborhood for a high number of foreclosures. This is an example of what illegal practice?
- a. blockbusting
  - b. puffing
  - c. redlining
  - d. steering
8. Which Act amended the Truth in Lending Act, establishing disclosure requirements and prohibiting equity stripping and other abusive practices in connection with “high cost” mortgages?
- a. Community Reinvestment Act (CRA)
  - b. Home Mortgage Disclosure Act (HMDA)
  - c. Home Ownership and Equity Protection Act (HOEPA)
  - d. Homeowners Protection Act (HPA)
9. The type of mortgage that can provide the borrower with a monthly check instead of the borrower paying a monthly payment is known as:
- a. conforming loan.
  - b. graduated payment mortgage.
  - c. nonconforming loan.
  - d. reverse mortgage.
10. According to the Fair Credit Reporting Act, if adverse action is taken against a credit applicant because of information on a credit report, the lender who used that report is required to:
- a. inform the applicant that the reporting agency was the decision maker, and to dispute the decision in writing at the address provided.
  - b. provide a copy of the credit score to the consumer.
  - c. provide to the consumer the name, address, and telephone number of the consumer reporting agency that furnished the report and the credit score used.
  - d. revise the accuracy in the credit report.
11. At closing, the buyer realizes that the lender changed the terms of the loan, but since he was facing foreclosure, he felt he had no choice but to go ahead with the refinance or lose the house. This could be an example of:
- a. affinity marketing.
  - b. loan flipping.
  - c. negative amortization.
  - d. predatory lending.

12. The SAFE Act

- a. allows financial institutions to obtain, verify, and record information that identifies each person who opens an account.
- b. establishes minimum standards for licensing and registering mortgage loan originators.
- c. prevents abuses in consumer credit cost disclosures.
- d. prohibits kickbacks in a federally-related mortgage loan transaction.

13. In a note, what gives the lender the right to charge the borrower a fee for retiring the loan early?

- a. acceleration clause
- b. alienation clause
- c. due on sale clause
- d. prepayment penalty

14. Which statement is correct?

- a. Regulation B implements the Equal Credit Opportunity Act.
- b. Regulation V implements the Home Mortgage Disclosure Act.
- c. Regulation X implements the Truth in Lending Act.
- d. Regulation Z implements the Real Estate Settlement Procedures Act.

15. Which item is NOT included in the calculation that determines the annual percentage rate?

- a. the broker's origination fee
- b. the lender's discount points
- c. the mortgage insurance premium
- d. the title insurance premium

16. Under RESPA, who would be subject to fines and penalties if a kickback is paid?

- a. the person who paid the kickback
- b. the person who received the kickback
- c. the person who initiated the kickback arrangement
- d. all parties paying or receiving a kickback

17. A conforming loan is a loan that

- a. exceeds the maximum loan amount established by Fannie Mae/Freddie Mac.
- b. follows the mortgage origination criteria set by Fannie Mae/Freddie Mac.
- c. is for more than \$417,000 on a single family home or called a jumbo loan.
- d. is offered to borrowers who do not meet qualifications for Fannie Mae/Freddie Mac.

18. MLO Jon from ABC Mortgage is meeting with a potential borrower. What may Jon NEVER ask about during the loan application process?
- marital status
  - age
  - race
  - religion
19. The clause in the mortgage that makes the note due in full upon sale or transfer of a property, without lender approval, is called a(n)
- alienation clause.
  - defeasance clause.
  - prepayment penalty clause.
  - subordination clause.
20. The annual percentage rate (APR) as required to be disclosed on a Loan Estimate, is the:
- actual interest rate on the note's face.
  - ratio between interest rate charged and amount borrowed.
  - total costs of borrowing compared to the actual amount borrowed.
  - sum of all costs required to obtain credit.
21. Which of the following is NOT included as a protected class by the Equal Credit Opportunity Act?
- marital status
  - receipt of public assistance
  - religion
  - Social Security
22. The rate that is used to amortize the mortgage loan and determine the monthly loan payments is known as the
- annual percentage rate.
  - discounted rate.
  - indexed rate.
  - note rate.
23. The loan officer knows that the applicant's source of income is public assistance, so he tells the applicant not to waste his time filling out an application and paying any fees. What federal law has the loan officer violated?
- CRA
  - ECOA
  - HMDA
  - The loan officer has not violated any federal law.

24. A subordination clause in a mortgage

- a. allows the borrower to rescind the sale under certain circumstances.
- b. permits the borrower to construct an improvement on the property.
- c. prohibits the borrower from selling the property without the lender's approval.
- d. requires permission from the 2<sup>nd</sup> mortgage holder to refinance the first mortgage.

25. Where do the funds for FHA loans come from?

- a. approved lenders
- b. Department of Housing and Urban Development
- c. Federal Home Loan Mortgage Corporation
- d. Federal Housing Administration

26. An applicant for a mortgage has recurring monthly debt of \$425 and a gross monthly income of \$3,850. For a conforming loan, what is the maximum house payment—including principal, interest, taxes, and insurance—for which she qualifies?

- a. \$1,078.00
- b. \$1,307.00
- c. \$1,193.50
- d. \$1,233.00

27. What is the loan-to-value if the loan amount is \$139,500, the appraised value is \$164,117 and the sales price is \$155,000?

- a. 80%
- b. 85%
- c. 90%
- d. 95%

28. To comply with the Safeguard Rules of Gramm, Leach, Bliley, a loan officer should

- a. consider all legal forms of income when evaluating a loan application.
- b. note the race of all loan applicants on the Loan/Application Register.
- c. place all loan applications and documentation in a secure place when not working on them.
- d. send loan applicants an adverse action notice within 30 days.

29. VA loans allow for a maximum LTV of what percent?

- a. 90%
- b. 95%
- c. 97%
- d. 100%

30. Buyer with a credit score of 703 makes an offer of \$156,000 on a house that was appraised for \$162,000. If the seller accepts his offer, how much will he have to pay down on an FHA loan?

- a. \$0
- b. \$5,460
- c. \$5,670
- d. \$7,800

31. Private mortgage insurance (PMI) is NOT required when

- a. a buyer makes less than 20% down payment on a loan.
- b. interest rates are high.
- c. interest rates are low.
- d. the loan has been paid down to less than 78% of the property's current value.

32. The federal Truth in Lending Act

- a. dictates all loan applications must be made in person.
- b. mandates the use of a standard loan application.
- c. regulates advertising with an APR required when a trigger term is on the advertising.
- d. requires a lender to estimate the seller's closing costs on residential loans.

33. When qualifying a borrower, an installment debt does not need to be included in the debt ratio on conventional loans when the balance of the term of repayment is less than how many months?

- a. 5
- b. 10
- c. 15
- d. 20

34. Market value can best be defined as a property's

- a. appraised value for property tax purposes.
- b. listing price.
- c. most probable selling price.
- d. most recent selling price.

35. How many business days from the day of application does the creditor have to deliver the Loan Estimate?

- a. 1
- b. 2
- c. 3
- d. 5

36. What document does the VA use to determine the amount of a veteran's entitlement?

- a. COE
- b. CRV
- c. DD-214
- d. URUR

37. An applicant for a mortgage loan is a salaried employee who is paid \$1,350 every two weeks. In addition, she indicates that she receives \$500 a month in alimony. What is the gross monthly income you can use to qualify her?

- a. \$2,700
- b. \$2,925
- c. \$3,200
- d. \$3,425

38. Which is a disclosure that RESPA requires creditors to give to customers at the time of the mortgage loan closing?

- a. GFE
- b. Closing Disclosure
- c. Mortgage payment slip
- d. Settlement Costs and You Booklet

39. A Chapter 7 bankruptcy could show on a credit report for a maximum of

- a. 5 years.
- b. 7 years.
- c. 8 years.
- d. 10 years.

40. How many days does a borrower have to move into a home with an FHA loan?

- a. 15
- b. 30
- c. 60
- d. 90

41. A HELOC is a type of mortgage

- a. that features lower payments in the beginning that increase during the life of the loan.
- b. that requires a balloon payment at the end of the loan term.
- c. that uses more than one property as collateral.
- d. where the balance fluctuates as the borrower accesses or pays funds.

42. Which is NOT a triggering term requiring additional disclosing in advertising?

- a. "360 easy payments"
- b. "\$3,000 down"
- c. "Pay only \$800 per month"
- d. "Terms to fit your budget"

43. Which is NOT a requirement of the Safeguards Rule of the Gramm-Leach-Bliley Act?
- a. allow consumers to add their phone numbers to a list that prohibits unauthorized calls
  - b. ensure the security and confidentiality of customer records
  - c. protect against any anticipated threats or hazards to the security of consumer records
  - d. protect against the unauthorized access or use of consumer information in ways that could result in substantial harm or inconvenience to customers
44. As the lender looks over the borrower's loan application and is deciding whether or not to make the loan, the lender should NOT refuse to consider the
- a. borrower's employment history.
  - b. borrower's history of making payments on past obligations.
  - c. borrower's receipt of public assistance.
  - d. economic health of the borrower's field of employment.
45. 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?
- a. ECOA
  - b. FACT ACT
  - c. HMDA
  - d. TILA
46. A loan originator refers her customer to XYZ Title Company, which is owned by her family. According to RESPA, she must:
- a. require specific title companies to be used by the customer.
  - b. disclose the relationship only if the client chooses XYZ Title.
  - c. give full disclosure (AFBA) to the customer when, or before, she makes the referral.
  - d. not make any referral, as it is prohibited by RESPA.
47. A loan that results in negative amortization is illegal under what law?
- a. FACTA
  - b. HMDA
  - c. HOEPA
  - d. RESPA
48. What clause gives a lender the right to declare the entire loan balance due immediately because of borrower default or for violation of other contract provisions?
- a. acceleration clause
  - b. alienation clause
  - c. defeasance clause
  - d. prepayment clause

49. Which law ensures lenders use an annual percentage rate (APR) so that the borrowers have the information they need to make informed comparisons?

- a. Equal Credit Opportunity Act
- b. Fair Housing Act
- c. RESPA
- d. TILA

50. A partially amortized mortgage requires a

- a. balloon payment.
- b. due on sale clause.
- c. junior lien.
- d. partial release.

51. Qualifying guidelines on an FHA loan are

- a. 28% housing ratio and 45% total debt ratio.
- b. 29% housing ratio and 41% total debt ratio.
- c. 31% housing ratio and 43% total debt ratio.
- d. 36% housing ratio and 41% total debt ratio.

52. How long prior to closing/consummation does RESPA require the Closing Disclosure (CD) to be provided to the borrower?

- a. 6 hours
- b. 3 business days
- c. 1 business day
- d. 2 business days

53. Which is true about non-conforming loans?

- a. They can be traded on the primary market.
- b. They generally cost a homeowner more in fees.
- c. They meet Fannie Mae/Freddie Mac standards.
- d. All states prohibit them as being predatory.

54. Which is NOT a part of the Gramm-Leach-Bliley Act?

- a. Financial Privacy Rule
- b. Pretexting Provisions
- c. Red Flags Rules
- d. Safeguards Rule

55. Which of these disclosures are mandated by the Real Estate Settlement Procedures Act, at closing?

- a. Loan Estimate
- b. Escrow Statement - GFE
- c. Closing Disclosure
- d. When Your Home is on the Line booklet

56. In the event of default, an acceleration clause in a mortgage instrument allows a lender to

- a. bypass judicial foreclosure procedures.
- b. declare the balance due.
- c. increase the interest rate.
- d. sell the property.

57. Which law prohibits discrimination based on sex, race, age, national origin, and marital status?

- a. Equal Credit Opportunity Act
- b. Fair Housing Act
- c. RESPA
- d. Truth in Lending

58. A straw borrower is someone who:

- a. allows his name and information to be used to obtain a mortgage. Does not intend to live in the house.
- b. applies for loans from multiple lenders for the same property.
- c. signs the mortgage
- d. uses fraudulent income data on a loan application in order to get a larger loan.

59. A borrower is applying for a loan to purchase a home. Under the terms of Reg Z, how long will he have to rescind the loan after he signs it (assuming it is not a high-cost loan)?

- a. 0 business days; there is no right of rescission
- b. 24 hours
- c. 3 business days
- d. 30 business days

60. What percentage is the fee threshold that triggers a HOEPA High-Cost disclosure for a first mortgage?

- a. 10
- b. 9
- c. 5
- d. 7

61. When taking an application for a mortgage loan, what are creditors NOT permitted to ask directly?
- Are you required to pay child support?
  - Do you receive child support?
  - What is your home address?
  - Who is your employer?
62. The loan amount (principal) is \$50,000 and the annual interest paid is \$5,500. What is the annual interest rate?
- 9%
  - 10%
  - 11%
  - 12%
63. Which is NOT a protected class according to the federal Fair Housing Act?
- age
  - disability
  - familial status
  - national origin
64. What two documents are required of the borrower when applying for a VA loan?
- COE and NOV
  - CRV and DD-214
  - DD-214 and COE
  - NOV and DD-214
65. Which federal legislation requires that the borrower have the right to receive a copy of his or her credit report, without charge, annually?
- ECOA
  - FACTA
  - HMDA
  - RESPA
66. ABC Bank receives a change of address request from a consumer. What requires the bank to follow up with him to verify the validity of the request?
- Federal Reserve
  - Red Flag Rules
  - SAFE Act
  - Truth in Lending Act

67. A borrower closed a loan last week with ABC Mortgage Company. Her name is on the National Do Not Call Registry and on ABC's internal do not call list. ABC can/cannot::
- can call her for up to 18 months because they have an established business relationship.
  - can call her for up to 3 months on a pre-qual
  - cannot call her because she is on ABC's internal list.
  - cannot call her because she is on the National Do Not Call Registry.
68. A consumer has an ARM with an initial rate of 6% and a rate cap of 2/6. What is the highest her interest rate could be over the life of the loan?
- 8%
  - 12%
  - 18%
  - It depends on the index
69. TILA requires all of the following to be reflected on the Loan Estimate, EXCEPT the:
- costs
  - APR
  - note rate.
  - total of payments.
70. What results when a loan balance grows due to deferred interest?
- disintermediation
  - hypothecation
  - interest growth
  - negative amortization
71. What risk is PMI intended to cover?
- death of the borrowers
  - interest rates rising
  - loss from foreclosure sale not covering outstanding loan balance
  - loss in property value serving as collateral
72. The final Loan Estimate must be received no less than \_\_\_\_\_ business days before Closing?
- 3
  - 4
  - 7
  - 10

73. If a borrower exercises his right to change from an adjustable rate mortgage to a fixed rate mortgage one time during the loan term, provided certain conditions are met, he has what type of mortgage?
- a. convertible ARM
  - b. fixed ARM
  - c. hybrid ARM
  - d. hybrid fixed
74. Fannie Mae is the more common name of the
- a. Federal Home Loan Mortgage Corporation.
  - b. Federal Housing Agency.
  - c. Federal Housing Finance Agency.
  - d. Federal National Mortgage Association.
75. The portion of an adjustable rate mortgage used to compute the interest rate that can change and is based on the COFI, LIBOR, or any other factor outlined in the note is known as the
- a. cap.
  - b. index.
  - c. margin.
  - d. rate.
76. In a purchase transaction closing, hypothecation occurs. This is described as
- a. assigning the mortgage from the broker to the lender.
  - b. the seller transferring appliance warranties to the buyer.
  - c. the transfer of title through the deed.
  - d. using property as collateral without surrendering use or possession of it.
77. An instrument that creates a voluntary lien on real property to secure repayment of a debt is known as
- a. an easement.
  - b. a mortgage.
  - c. a promissory note.
  - d. a restrictive covenant.
78. Which government agency makes loans in areas of less than 35,000 people?
- a. Department of Housing and Urban Development
  - b. Fannie Mae
  - c. Federal Housing Administration
  - d. USDA Rural Development

79. The mortgagor is known as the
- broker.
  - borrower.
  - one that holds a mortgage.
  - lender.
80. What is the most common appraisal approach used in appraising single-family housing?
- cost approach
  - income approach
  - rental approach
  - sales comparison approach
81. While it is unlawful to consider race when underwriting a loan, what federal legislation requires that this information be included on the loan application?
- Equal Credit Opportunity Act
  - Fair Credit Reporting Act
  - Home Mortgage Disclosure Act
  - Truth in Lending Act
82. What is the minimum number of comps required by most secondary lenders to ensure an accurate estimate of value when performing the sales comparison approach?
- 2
  - 3
  - 4
  - 5
83. A borrower has an additional three-business day waiting period if the APR on a fixed rate loan exceeds \_\_\_\_% from the present CD
- 1/8%
  - 1/4%
  - 1/2%
  - 6/8%
84. Of these, who is responsible for the accurate accounting of all monies due to and from the parties in a real estate sale?
- broker
  - lender
  - real estate agent
  - settlement or escrow agent
85. A lender has how many days from the delivery of a complete underwriting package, to notify the borrower of an underwriting decision?
- 3
  - 10
  - 30
  - 60

86. All may be included in a borrower's income analysis EXCEPT
- pensions, interest, and dividends.
  - regular earnings and overtime.
  - revealed alimony and child support.
  - sporadic overtime and bonuses.
87. What is the name of the database lenders check when making an FHA loan to see if the borrower is delinquent on any federal debt?
- CAIVRS
  - LAR
  - TOTAL
  - USPAP
88. The sales contract in the borrower's file states the agreed purchase price is \$162,000. The closing costs are \$3,700. The seller is paying \$1,200 in closing costs on a \$153,900 loan amount. What is the acquisition cost?
- \$156,400
  - \$159,500
  - \$164,500
  - \$165,700
89. How does "TILA" define an "Application"?
- the borrower answering all of the loan officer's questions
  - pulling a credit report to evaluate a borrower
  - signing all required documents
  - PENCIL
90. Which federal law requires a lender to verify that the customer is able to repay the loan?
- Community Reinvestment Act
  - Home Mortgage Disclosure Act
  - Homeowners Protection Act
  - Home Ownership and Equity Protection Act
91. The lender usually does not allow the source of a borrower's down payment to be
- unsecured borrowed funds.
  - a gift from a relative.
  - proceeds from the sale of a house.
  - savings.

92. Which law gives a consumer who has had her credit card used by an identify thief, the ability to place a freeze on her credit report?
- the ECOA
  - the FACT Act
  - the Gramm-Leach-Bliley Act
  - the SAFE Act
93. A borrower gets a 15-year interest only loan for \$85,000 at 6%. At the end of the loan term, how much will the borrower owe the lender?
- \$0
  - \$79,900
  - \$85,000
  - \$90,100
94. What fact about a borrower must be considered by the underwriter, when underwriting a mortgage loan application?
- ancestry
  - MLO
  - marital status
  - receipt of public assistance
95. A lender who does not cancel PMI when the LTV reaches 78% is in violation of which federal law?
- ECOA
  - Fair Housing Act
  - Home Ownership and Equity Protection Act
  - ~~Homeowners Protection Act~~
96. Which participant in the loan process would be most likely to overvalue a property?
- appraiser
  - attorney
  - loan originator
  - title company employee
97. If a loan originator 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," that MLO or real estate agent would be guilty of
- blockbusting.
  - flipping.
  - redlining.
  - steering.

98. RESPA requires the use of the Closing Disclosure for
- any commercial or residential property.
  - any residential property.
  - one to four family residences.
  - single-family dwellings only.
99. ABC Mortgages makes a loan with consumer even though he is unlikely to repay it, anticipating that they'll eventually foreclose and get the borrower's equity in the property. This is an example of
- predatory lending.
  - prime lending.
  - secondary lending.
  - subprime lending.
100. What regulation forbids the seller to require the use of a particular title company as a condition of sale?
- Regulation B
  - Regulation C
  - Regulation X
  - Regulation Z
101. A borrower closes on two separate cash back refinances on the same home the same day, and neither lender was aware of the other. What type of fraud is the borrower committing?
- Undisclosed kickback
  - Straw buyer
  - Cash back scheme
  - Identity theft
102. A mortgage originator must act both ethically and responsibly. Which of the following is not considered unethical:
- Locking the interest rate for a loan application with two lenders at the same time
  - Delaying a closing to obtain additional income on fees
  - Provide guidance in writing a credit explanation letter
  - Having a buyer sign forms in blank for convenience
103. All of the following are protected classes under Fair Housing except:
- Sex
  - Religion
  - Age
  - Familial status

104. Which of the following might be considered unethical performance as a mortgage originator?
- a. Describing the mortgage program to make sure the customer understands the loan
  - b. Having the consumer sign blank forms, so they do not have to come to your office
  - c. Counseling the consumer
  - d. Having the loan application package prepared in advance.
105. A Property is purchased, a fraudulently higher value appraisal is created, and then it's quickly sold. Which of the following is the type of fraud being described?
- a. Quit Claim
  - b. Silent Seconds
  - c. Property Flipping
  - d. Incentive Fraud
106. Which type of scam by the homeowner, who attempts to refinance their property over and over until little to no equity remains?
- a. Strawbuyer
  - b. Churning or Equity stripping
  - c. Property skimming
  - d. Quit Claim
107. NMLS requires all state licensed originators to participate in all but one of the following:
- a. Take a 20 hours of pre-licensing (PE) course
  - b. Fingerprints
  - c. Take a 10 hour CE class annually
  - d. Register for an NMLS number
108. What is the main component of an interest only loan?
- a.  $\frac{1}{2}$  of the interest due each month is paid
  - b. As the principal reduces, the interest reduces
  - c. Only pay the interest due on the loan every month
  - d. Principal and Interest are to paid monthly

109. An ARM with a present rate of 5% will adjust next month. The loan has a 2/5 cap. The margin is 2%. The index is 0.25%. What will the next adjusted rate be?
- a. 0.25%
  - b. 2.25%
  - c. 3.0%
  - d. 3.25%
110. What is the highest the interest rate on an adjustable rate loan?
- a. The maximum the interest rate can increase at the adjustment
  - b. The maximum the rate can increase at the end of the loan
  - c. The maximum the payment rate can increase over the life of the loan
  - d. The addition of the starting rate and the lifetime cap.
111. What best describes negative amortization?
- a. Payments that are insufficient to pay interest, the difference is added to the principal
  - b. Increase in payments
  - c. Interest rate maximum increase
  - d. Borrowing more than you can afford
112. Which of the following is not a non-traditional loan?
- a. 30 year fixed rate
  - b. Interest only
  - c. Pay option ARM
  - d. Negative amortization loan
113. What is the name of the booklet required with an ARM loan?
- a. When your home is on the line
  - b. CHARMS Booklet
  - c. Settlement Costs and You
  - d. Understanding Your Non -Traditional Loan
114. What does TIP stand for?
- a. Total Interest Percentage
  - b. TRID Interest Portion
  - c. Total Interest Rate
  - d. Timed Interest Period

115. LIBOR as an index is actually called the
- a. LIBOR is Based On Rate
  - b. London Interbank Other Rate
  - c. London Prime Rate
  - d. London Interbank Offered Rate
116. What is the name of the FNMA form that can help determine cash flow when attempting to qualify a self-employed borrower?
- a. Form 91
  - b. Form 1004
  - c. Form 1084
  - d. Form 9100
117. Ownership of \_\_\_\_\_% or more of a business requires two years of business tax returns in mortgage underwriting?
- a. 25%
  - b. 20%
  - c. 15%
  - d. 10%
118. What loan amount must the historical and worse case ARM example be based on?
- a. \$10,000
  - b. \$25,000
  - c. Actual loan amount being applied for
  - d. Amount Financed
119. RESPA requires all except:
- a. Closing Disclosure given to buyer
  - b. Closing Disclosure given to Seller
  - c. Voluntary collection of data about race
  - d. "Loan Tool Kit" given to the borrower no later than three days from the date of the application for purchases.
120. When providing a fixed rate loan to a borrower you are allowed a slight error in the disclosed APR, what is that tolerance?
- a.  $\frac{1}{4}\%$
  - b.  $\frac{1}{2}\%$
  - c.  $\frac{1}{8}\%$
  - d. No tolerance must be disclosed at this time

121. When providing an ARM loan to a borrower you are allowed a slight error in the disclosed APR, what is that tolerance?
- a.  $\frac{1}{4}\%$
  - b.  $\frac{1}{2}\%$
  - c.  $\frac{1}{8}\%$
  - d. There is no tolerance allowed with the new TIL
122. Under the FACT Act how many free credit reports from annualcreditreport.com is a consumer eligible for.
- a. 4
  - b. 3
  - c. 2
  - d. 1
123. Home Mortgage Disclosure Act is also known as
- a. Regulation Z
  - b. Regulation C
  - c. Regulation X
  - d. Regulation V
124. The High Priced Mortgage Lending Act is also known as?
- a. Fair Credit Report Act
  - b. Section 1026.35 of TILA
  - c. Home Owners Protection Act
  - d. Equal Credit Opportunity Act
125. Under RESPA the lender shall make available a copy of the Closing Disclosure how many business days before closing?
- a. 3
  - b. 4
  - c. 7
  - d. 10
126. Which Federal Law regulates credit reporting agencies like Experian, Equifax, and Trans Union that prepare credit reports, to provide a free credit report to a buyer with in thirty days of denial?
- a. ECOA
  - b. Graham Leach Bliley
  - c. TILA
  - d. FCRA (Reg V)

127. Regulation B includes all of the following, except:
- a. Right to get a copy of the appraisal
  - b. Equal Credit Opportunity Act
  - c. Homeowners Protection Act
  - d. Right to get a response to your application
128. Under TRID if the APR tolerance is exceeded, a new CD must be issued, how many days before closing?
- a. 7 business days
  - b. 3 business days
  - c. 30 business days
  - d. No problem as you are re-disclosing the APR before closing
129. In regards to escrow payments, for example taxes and insurance, the cushion may not exceed what percentage of total disbursements for the year?
- a. 1/6
  - b. 1/4
  - c. 1/12
  - d. 3/8
130. All of the following are reasons for re-disclosure of a Closing Disclosure, except:
- a. Total Interest Percentage (TIP) exceeds 90%
  - b. APR Tolerances are exceeded
  - c. Prepayment Penalty added
  - d. Program changed
131. The purpose of reporting by HMDA is to:
- a. Determine the total amount of mortgages financed
  - b. Determine which lenders are lending the most in particular areas
  - c. Determine if there is discrimination in lending
  - d. Determine which programs are being used by what type of loan
132. Which law requires that all consumers are given an equal chance to obtain credit?
- a. Fair Credit Reporting Act
  - b. Equal Credit Opportunity Act
  - c. HMDA
  - d. Fair and Accurate Credit Transaction Act

133. How many copies of the right of rescission must be given to each borrower?
- 1
  - 2
  - 3
  - None
134. A loan originator not working for a Federally Insured institution must obtain:
- A national license issued through the National Mortgage Licensing System and Registry
  - A national license issued through the Conference of State Bank System
  - A licensed issued by the state of jurisdiction
  - License issued by HUD
135. What do the initials NMLS stand for?
- Nationwide MultiState Licensing System and Registry
  - National Mortgage Loan Service and Repository
  - Nationwide Mortgage License Service and Repository
  - National MultiState Licensing System and Registry
136. The CFPB initials stand for?
- Consumer Financial Political Bureau
  - Consumer Protection Financial Bureau
  - Consumer Protection Finance Bureau
  - Consumer Financial Protection Bureau
137. Which of the following loans are exempt from RESPA?
- Condominiums
  - Residential with mixed use
  - Loans on properties with more than 25 (twenty-five) acres
  - Four unit buildings
138. According to RESPA which documents are to be given at closing?
- Closing Disclosure
  - Loan Estimate and Servicing Disclosure Statement on Reverse
  - When your Home is on the Line disclosure
  - Loan Tool Kit

139. If a consumer does execute their right of rescission how long does the lender have to refund all monies paid by the borrower?
- a. 15 business days
  - b. 20 calendar days
  - c. 30 calendar days
  - d. 45 days from application
140. Which of the following is to insure various financial institutions and other firms engaged in granting credit, exercise their responsibility to make credit available without discrimination based on the basis of sex or marital status?
- a. ECOA
  - b. RESPA
  - c. FACTA
  - d. HMDA
141. The new test is based on the following language:
- a. State Law Language for Implementation of S.A.F.E. Mortgage Licensing Act
  - b. State Model Language for Implementation of S.A.F.E. Mortgage Licensing Act
  - c. Federal Model Language for Implementation of S.A.F.E. Mortgage Licensing Act
  - d. State Model Language for Implementation of S.A.F.E. Mortgage Registration Act
142. Once I have passed the Uniform State Content Test, I can do one of the following:
- a. Originate loans in any of the UST eligible states.
  - b. The company does not have to be licensed in the state.
  - c. Loan officer has the right to apply for a license in any of the states participating in the USC Program and your company is licensed in the state.
  - d. You can originate after you have your MLO license even though the company is not approved in the state.
143. S.A.F.E. stands for:
- a. Secure and Fair Enforcement for Mortgage Licensing Act
  - b. Safe and Fair Enforcement for Mortgage Licensing Act
  - c. Secure and Federal Enforcement for Mortgage Licensing Act
  - d. Secure and Fair Enforcement for Registering Act

144. "Clerical Support" duties include all of the following, except:

- a. The receipt, collection, distribution, and analysis of information common for the processing or underwriting of a residential mortgage loan
- b. Communicating with a consumer to obtain the information necessary for the processing or underwriting of a loan.
- c. Lock a loan after negotiating with the customer
- d. Call the bank to verify accounts and balances.

145. Mortgage Loan Originator (MLO) means all of the following, except:

- a. Means an individual who originates a loan for compensation or gain.
- b. Takes a residential mortgage loan application
- c. Include a person or entity solely involved in extensions of credit relating to timeshare plans.
- d. Offers or negotiates terms of a residential mortgage loan.

146. Traditional Mortgage Product means which of the following loan products:

- a. 3/1 ARM
- b. 30 year fixed
- c. 15 year fixed
- d. 5 year balloon

147. State Model Language covers all of the following except:

- a. Licensing of Credit Union Loan Officers
- b. Background check and fingerprints
- c. 20 hour Pre-Licensing course
- d. 8 hours of CE each year

148. A determination that an individual has not shown financial responsibility may include all of the following, except:

- a. Paid judgments, except judgments solely as a result of medical expenses;
- b. Current outstanding tax liens or other government liens and filings;
- c. Foreclosures within the past three years;
- d. A pattern of seriously delinquent accounts within the past three years.

149. Unique Identifier refers to:

- a. State License number
- b. Loan Number
- c. NMLS&R Number
- d. Credit Reference number

150. Mortgage Call Reports, which of the following is true:

- a. Mortgage Loan Officers are required to submit Mortgage Call Reports at the end of each quarter.
- b. Call report includes all sales calls and contacts a loan officer made in the last quarter.
- c. Report includes only loans that are non-traditional.
- d. Mortgage Companies are required to submit Mortgage Call Reports at the end of each quarter.

151. One of the following is not true in regard to Prohibited Acts:

- a. Directly or indirectly employ any scheme, device, or artifice to defraud or mislead borrowers or lenders or to defraud any person;
- b. Only allow licensed loan officers to solicit loans
- c. Solicit, advertise, or enter into a contract for specific interest rates, points, or other financing terms unless the terms are actually available at the time of soliciting, advertising, or contracting;
- d. Engage in any unfair or deceptive practice toward any person.

152. The State Regulator, has the power to do all of the following to license, suspend and investigate a loan officer, except for one of the following:

- a. Collect criminal, civil and administrative history information, including non-conviction data.
- b. Personal history and experience information including independent credit reports
- c. Collect a \$50,000 CFPB fine.
- d. Collect any other documents, information or evidence the Commissioner deems relevant to the inquiry

153. Would any of these convictions stop a loan officer from obtaining their license forever?

- a. Drug Possession eight years ago
- b. Indecent Exposure two years ago
- c. Felony Domestic Violence six years ago
- d. Health Care fraud sixteen years ago

154. Which of the following is not part of the eight (8) hour Continuation Education course requirements:

- a. two (2) hours of non-traditional
- b. three (3) hours of Law
- c. one (1) hour about NMLS
- d. two (2) hours of Ethics

155. Which of the following would be required to be paid up to date before the initial license would be issued?

- a. Child support
- b. Traffic ticket
- c. Alimony
- d. Re-instatement fee