

NMLS

Exam Questions MLO

Mortgage Loan Origination (SAFE MLO) Exam



NEW QUESTION 1

If a borrower is using commission income for 25% or more of their total income, the FHA lender will:

- A. Disregard the commission income completely.
- B. Only accept one-half of the claimed commission income.
- C. Only accept the commission income if it has been steady for three years.
- D. Request two years of signed tax returns proving receipt of the income.

Answer: D

NEW QUESTION 2

A friend contacts a mortgage loan originator (MLO) and asks her to obtain a credit report for him to review before he tries to rent a house. The MLO has access to obtaining credit reports but does not handle any rental applications. Which of the following actions should the MLO take?

- A. Offer to obtain the credit report but only if the friend will pay for the cost of the report
- B. Ask the friend to provide the MLO with a written authorization to obtain his credit report
- C. Explain that the MLO cannot obtain the friend's credit report since he is not looking for a home loan
- D. Start a loan application so that the MLO can obtain the credit report and then show the application as "withdrawn"

Answer: C

NEW QUESTION 3

Which of the following fees must remain the same unless a valid changed circumstance occurs?

- A. Total per diem interest
- B. Homeowner's insurance
- C. Owner's title insurance premium
- D. Fees paid to an affiliate of the lender

Answer: D

NEW QUESTION 4

Which of the following factors is not required to be taken into account when determining a borrower's ability to repay a loan?

- A. Current debt obligations, alimony and child support
- B. Credit history
- C. Proceeds from the sale of the property securing the loan
- D. Monthly payment on simultaneous loans

Answer: C

NEW QUESTION 5

Which of the following settlement service charges is considered a finance charge for the purpose of calculating a loan's APR?

- A. Credit report fee
- B. Origination charge
- C. Transfer tax charge
- D. Public record recording fee

Answer: B

NEW QUESTION 6

The appraiser valuation independence obligates appraisers to perform their duties in a manner free from outside influence through which of the following actions?

- A. Encouraging a target value
- B. Withholding payment from an appraiser
- C. Asking the appraiser to substantiate a value
- D. Communication directly between the loan officer and the appraiser

Answer: C

NEW QUESTION 7

According to the Truth in Lending Act (TILA), a dwelling includes which of the following?

- A. An unimproved lot
- B. A six-unit apartment complex
- C. An individual condominium unit
- D. A timeshare

Answer: C

NEW QUESTION 8

When providing documents to a state regulator regarding a consumer complaint that was submitted to the state regulator, a licensed company should:

- A. Send the documents by U.
- B. mail rather than electronically for privacy reasons.
- C. Contact the consumer to get their authorization to provide documents to the regulator.
- D. Provide the documents along with the company's explanation of what caused the complaint.
- E. Redact any names and personal information before providing the documents for privacy reasons.

Answer: C

NEW QUESTION 9

Which of the following fees or charges is an allowable closing cost typically found on a Closing Disclosure?

- A. Origination charge
- B. Referral fee
- C. Servicing fee
- D. Yield-to-loan fee

Answer: A

NEW QUESTION 10

What are the maximum basis points added to the average prime offer rate (APOR) that keep a loan's APR as a qualified mortgage under the Consumer Financial Protection Bureau's (CFPB's) Safe Harbor Rule?

- A. 85 basis points
- B. 100 basis points
- C. 150 basis points
- D. 300 basis points

Answer: B

NEW QUESTION 10

Which of the following is not a primary function for compensation undertaken by a mortgage loan originator on an FHA loan?

- A. Taking an application
- B. Offering or negotiating credit terms
- C. Assisting a consumer in applying for credit
- D. Performing real estate brokerage activities

Answer: D

NEW QUESTION 13

How many days must a borrower's mortgage loan be delinquent before the mortgage company is permitted to submit the first notice filing in the foreclosure process?

- A. 30 days
- B. 60 days
- C. 90 days
- D. 120 days

Answer: D

NEW QUESTION 17

A sign that an appraisal report may be overvaluing a property is that the:

- A. Comparable properties are consistent with the subject property.
- B. Subject property and comparable properties were built by the same construction company.
- C. Subject property is in the same neighborhood as the comparable properties.
- D. Subject property address does not match the house number photographed by the appraiser.

Answer: D

NEW QUESTION 18

What is the loan amount on the purchase price of \$249,955.00 if the borrower is putting 18% down?

- A. \$204,693.10
- B. \$204,936.10
- C. \$204,963.10
- D. \$204,966.10

Answer: A

NEW QUESTION 22

Which of the following loan types is covered by the Real Estate Settlement Procedures Act (RESPA)?

- A. Auto loan
- B. Student loan

- C. Residential real estate loan
- D. Commercial real estate loan

Answer: C

NEW QUESTION 26

A borrower may rescind their mortgage loan until midnight of the third:

- A. Calendar day or delivery of all material disclosures, whichever occurs first.
- B. Calendar day following consummation or delivery of all material disclosures, whichever occurs last.
- C. Business day following consummation or delivery of all material disclosures, whichever occurs last.
- D. Business day following consummation or delivery of all material disclosures, whichever occurs first.

Answer: C

NEW QUESTION 31

Which of the following must be included in advertisements displayed by mortgage loan originators (MLOs) on their social media pages for mortgage services including payment amounts?

- A. The APR
- B. The MLO's personal website
- C. The MLO's business address
- D. The number of days that the rate is available

Answer: A

NEW QUESTION 33

The TILA-RESPA Integrated Disclosure rule (TRID) applies to most closed-end consumer credit transactions secured by real property, which includes:

- A. reverse mortgages.
- B. home equity lines of credit (HELOCs);
- C. refinance of a condominium property.
- D. loans secured by a mobile home on a leased lot.

Answer: C

NEW QUESTION 36

A real estate broker overhears her buyer discussing what she believes to be illegal activities while on a phone conversation. The real estate broker notifies the buyer's mortgage loan originator (MLO) that the borrower may be using illegally acquired funds as down payment for this property. The MLO decides to report some suspicious cash deposit transactions found in the borrower's bank records. Under the Patriot Act, the MLO may discuss the filing of this report with which of the following parties, if any?

- A. The buyer's agent
- B. All parties involved in the transaction
- C. His loan processor
- D. The report is not permitted to be discussed with any parties involved in the transaction.

Answer: D

NEW QUESTION 37

Which of the following does a higher-priced mortgage require if the seller acquired the home 90 days or fewer prior to the date of the purchase contract and the sales price exceeds the seller's acquisition price by more than 10%?

- A. One written appraisal and one broker price opinion
- B. One written appraisal only and one automated valuation model
- C. Two written appraisals only
- D. Two written appraisals and one automated valuation model

Answer: C

NEW QUESTION 39

Which of the following entities has the primary enforcement authority under the Red Flags Rule?

- A. IRS
- B. Federal Trade Commission
- C. HUD
- D. Conference of State Bank Supervisors

Answer: B

NEW QUESTION 42

How many continuing education hours must mortgage loan originators complete every year to renew their license?

- A. 3 hours
- B. 8 hours
- C. 16 hours

D. 20 hours

Answer: B

NEW QUESTION 47

A woman and her son meet with a mortgage loan originator (MLO) about refinancing the mother's home. During the meeting, the MLO senses that the mother is against the transaction and may be being unfairly coerced into the procedure. In which of the following ways should the MLO proceed?

- A. Ask to speak to the mother privately to inquire whether she is a willing participant in the transaction
- B. [Consider the issue to be a private family matter and proceed with the next steps in the application process
- C. Suggest that the son be listed as a co-borrower on the mortgage to ensure he assumes part of the risk of the loan
- D. Tell the mother that she needs to sign a power of attorney so that her son may complete the transaction on her behalf

Answer: A

NEW QUESTION 52

When there is no tax return history for a rental property, the Federal Housing Administration (FHA) requires gross rental income to be documented and reduced by what percentage?

- A. 10%
- B. 15%
- C. 20%
- D. 25%

Answer: D

NEW QUESTION 54

When a consumer applies for an ARM, the creditor must provide a variable-rate program disclosure:

- A. No later than three business days before loan consummation.
- B. No later than seven business days before loan consummation.
- C. After the creditor has received documents verifying information related to the consumer's application.
- D. At the time an application form is provided or before the consumer pays a nonrefundable fee, whichever is earlier.

Answer: D

NEW QUESTION 57

The loan-to-value ratio for an FHA loan is calculated by dividing the loan amount by:

- A. the purchase price of the property.
- B. the appraised value of the property.
- C. the lesser of the purchase price or appraised value.
- D. the purchase price, plus the mortgage insurance for FHA loans.

Answer: C

NEW QUESTION 61

The Equal Credit Opportunity Act (ECOA) defines the term "elderly" as anyone:

- A. 60 years of age or older.
- B. 62 years of age or older.
- C. 65 years of age or older.
- D. 70 years of age or older.

Answer: B

NEW QUESTION 62

In a federally related mortgage loan transaction, a charge for a settlement service by a person for which no services or nominal services are performed is prohibited:

- A. regardless of the sources of payment.
- B. only if it is paid by the borrower's real estate agent.
- C. unless it is paid by the seller or the seller's real estate agent.
- D. unless it is paid by the mortgage loan originator on the borrower's behalf.

Answer: A

NEW QUESTION 64

Under the TILA-RESPA Integrated Disclosure rule (TRID), what is the minimum time period that must pass between a borrower's receipt of a Loan Estimate and the closing of a mortgage loan?

- A. 7 business days
- B. 15 business days
- C. 30 business days
- D. 45 calendar days

Answer: A

NEW QUESTION 67

According to the Truth in Lending Act (TILA), which of the following advertising statements does not require additional disclosures to supplement the advertisement?

- A. "Payments as low as \$600 for a \$100,000 mortgage"
- B. "Only 1 point up front to get you in a home"
- C. "15-year and 30-year mortgages available"
- D. "Come in today for your free consultation"

Answer: D

NEW QUESTION 68

In a loan transaction subject to the TILA-RESPA Integrated Disclosure rule (TRID), the creditor must ensure that the consumer receives a Closing Disclosure reflecting the actual terms of the transaction:

- A. Within three business days of the loan application date.
- B. No later than one business day before consummation.
- C. No later than three business days before consummation.
- D. No later than seven business days before consummation.

Answer: C

NEW QUESTION 71

Which of the following property value approaches does an appraiser use on a rental property?

- A. Cost approach
- B. Income approach
- C. Annual approach
- D. Sales comparison approach

Answer: B

NEW QUESTION 74

Which of the following statements is not true concerning "higher-priced mortgage loans" as defined in the Truth in Lending Act (TILA)?

- A. Creditors must verify income and assets in order to determine whether the loan applicant has the ability to repay the loan.
- B. Creditors must establish an escrow account for taxes and property insurance on first lien mortgage loans.
- C. There are restrictions on prepayment penalties.
- D. Borrowers have a five-day right of rescission.

Answer: D

NEW QUESTION 78

Redlining in mortgage lending refers to which of the following practices?

- A. Highlighting areas of concern on an appraisal report
- B. Highlighting areas of concern on a mortgage application
- C. Denying services to residents in states that a company is not licensed in
- D. Denying services to residents of a certain area based on race or ethnicity

Answer: D

NEW QUESTION 81

Which of the following responses describes the primary reason to conduct a title search?

- A. To confirm the identity of the applicant
- B. To determine the amount of homeowner's insurance required
- C. To identify any preexisting liens against the collateral property
- D. To determine whether a buyer can purchase the collateral property

Answer: C

NEW QUESTION 85

What is the maximum civil penalty that is permitted to be imposed for each violation or failure to comply with the SAFE Act?

- A. \$2,500 for each act or omission
- B. 000 for each act or omission
- C. \$2,500 for each act or omission; \$25,000 maximum
- D. \$25,000 for each act or omission; \$250,000 maximum

Answer: A

NEW QUESTION 89

Which of the following lender payments is prohibited according to Real Estate Settlement Procedures Act (RESPA)?

- A. A payment to an attorney for services actually rendered
- B. A payment to a real estate agent for loan referral activities
- C. A payment to its own employees for lender referral activities
- D. A payment to the lender's duly appointed agent or contractor for services actually performed in the origination, processing or funding of a loan

Answer: B

NEW QUESTION 90

Which of the following statements is true regarding a fixed-rate mortgage?

- A. The rate is fixed for 5 years and is followed by a step-up for 5 years.
- B. The rate is fixed for 10 years and then adjusts every year thereafter.
- C. The rate is fixed for 15 years and is followed by a single balloon payment.
- D. The rate is fixed for 30 years with no adjustment.

Answer: D

NEW QUESTION 91

Which of the following is considered a prohibition under the Real Estate Settlement Procedures Act (RESPA)?

- A. Hosting an educational seminar at no cost to the participants
- B. Donating an item of value to a silent auction hosted by a charity
- C. Sponsoring a little league team where the company name is on the uniforms
- D. Renting office space at lower rates based on the whole or in the amount of business referred

Answer: D

NEW QUESTION 93

Which of the following statements describes an advantage of a purchase money second mortgage?

- A. The borrower pays two mortgage payments.
- B. The borrower avoids paying into the escrow account.
- C. The borrower avoids paying private mortgage insurance
- D. The borrower's loan closes faster than a regular mortgage.

Answer: C

NEW QUESTION 96

The debt-to-income analysis should assess a borrower's total monthly housing related payments as a percentage of the:

- A. net monthly income
- B. gross monthly income.
- C. taxable income.
- D. loan amount.

Answer: B

NEW QUESTION 101

A borrower visits a mortgage loan originator (MLO) for Mortgage ABC to discuss getting a home equity line of credit (HELOC) loan from Bank LMN. The MLO encourages the borrower to apply with Bank XYZ instead because ABC does not provide HELOC loans. When the borrower submits an application directly to XYZ, XYZ pays the MLO \$100 from the 1% origination fee that it collected from the borrower. Is this fee permissible?

- A. The fee is permitted if the fee is disclosed on the final settlement statement.
- B. The fee is permitted as the MLO performed origination services for the borrower.
- C. The fee is not permitted as the MLO did not perform any actual origination services for the borrower.
- D. The fee is not permitted as the MLO did not perform any actual origination services for the borrower, unless the fee was paid directly by the borrower.

Answer: C

NEW QUESTION 103

Illegal fee splitting occurs when:

- A. two service providers split a fee.
- B. wages are split by two employees.
- C. fees are split between lender and broker.
- D. three companies split a fee but one did no work.

Answer: D

NEW QUESTION 105

The total monthly payment for a loan secured by a 30-year fixed-rate mortgage with an escrow account could increase for which of the following reasons?

- A. The monthly utility bills have increased.

- B. The interest rate for the fixed-rate mortgage has increased.
- C. The annual property taxes and/or homeowners insurance premiums have increased.
- D. The mortgage servicer is collecting the payment for a new auto loan with the mortgage.

Answer: C

NEW QUESTION 109

Which of the following federal laws requires mortgage lenders to adopt and follow anti- money laundering (AML) rules and regulations?

- A. The National Bank Act
- B. The National Currency Act
- C. The Bank Secrecy Act
- D. The Real Estate Settlement Procedures Act

Answer: C

NEW QUESTION 113

Which of the following loans are covered by TILA-RESPA Integrated Disclosure (TRID)?

- A. Second home loans
- B. Chattel-dwelling loans
- C. Reverse mortgage loans
- D. Home equity lines of credit (HELOCs)

Answer: A

NEW QUESTION 117

Which of the following information requests from a mortgage loan originator is permissible under Regulation B of the Equal Credit Opportunity Act (ECOA)?

- A. Information on the permanent residency or immigration status of an applicant
- B. Information on an applicant's former spouse who pays no alimony or child support to the applicant
- C. Inquiries about an applicant's child support income without informing an applicant of the non-disclosure option
- D. Inquiries about an applicant's intentions concerning the bearing and rearing of children

Answer: A

NEW QUESTION 120

Which of the following responses describes servicing transfers?

- A. The transfer of an appraisal from one lender to another
- B. The transfer of a HUD case number from one lender to another
- C. The transfer of the responsibility to collect payments on the loan from one lender to another
- D. The transfer of the processing of a loan to an independent service provider such as a contract processing provider

Answer: C

NEW QUESTION 123

For an FHA loan, which of the following payments must a borrower make to protect a lender in case of a foreclosure?

- A. Down payment
- B. Hazard insurance premium
- C. Mortgage insurance premium
- D. Homeowners association dues

Answer: C

NEW QUESTION 127

When a mortgage loan originator notices multiple Social Security number discrepancies within the same loan file, it is considered a red flag of:

- A. fair lending.
- B. mortgage fraud.
- C. a forgetful borrower.
- D. pricing discrepancies.

Answer: B

NEW QUESTION 130

Which of the following documents must be provided to the borrower when they request a change in loan product?

- A. Loan Estimate
- B. Service provider list
- C. Home counseling list
- D. Amortization schedule

Answer: A

NEW QUESTION 132

A mortgage loan originator paying compensation to a real estate agent for client referrals is:

- A. Prohibited unless the client is notified and consents to the payment.
- B. Considered an illegal kickback prohibited by the Real Estate Settlement Procedures Act (RESPA).
- C. Permissible if the compensation is limited to meals or other noncash gifts.
- D. Permissible if the compensation is limited to payment for the real estate agent's related business expenses.

Answer: B

NEW QUESTION 133

The purpose of the Patriot Act is to deter and punish:

- A. Terrorist acts
- B. Appraisal fraud
- C. Mortgage broker fraud
- D. Lending to foreign nationals

Answer: A

NEW QUESTION 134

A 7.25% interest-only loan has an initial balance of \$239,500.00. The annual homeowner's insurance premium is \$551.00, and the annual property taxes are \$1,773.00. What is the total monthly payment, including the escrow?

- A. \$1,446.98
- B. \$1,584.65
- C. \$1,640.65
- D. \$1,701.29

Answer: B

NEW QUESTION 139

Which of the following responses describes the loan-to-value ratio when buying a home?

- A. The loan amount divided by the appraised value
- B. The loan amount divided by the lesser of the appraised value or the sales price
- C. The total loan amount, plus closing costs, divided by the appraised value
- D. The total loan amount, plus mortgage insurance, divided by the appraised value

Answer: B

NEW QUESTION 143

The SAFE Act requires a mortgage loan originator (MLO) to:

- A. Obtain and annually maintain a license.
- B. Maintain a valid unique identifier issued by the AARMR.
- C. Register with the Conference of State Bank Supervisors (CSBS).
- D. Retake the SAFE MLO National Test after failing to maintain a valid license for a period of four years.

Answer: A

NEW QUESTION 147

An advertisement only reads: "Looking for low rates on a new mortgage loan? I can get you a \$1,100 monthly payment on a \$200,000 loan." This statement is a violation of which of the following rules?

- A. Truth in Lending Act (TILA)
- B. Equal Credit Opportunity Act (ECOA)
- C. Real Estate Settlement Procedures Act (RESPA)
- D. Unfair Deceptive or Abusive Acts or Practices

Answer: A

NEW QUESTION 152

Which of the following is an origination fee?

- A. Appraisal fee
- B. Underwriting fee
- C. Title insurance fee
- D. Prepaid interest fee

Answer: B

NEW QUESTION 154

Which of the following services is included in the definition of a settlement service?

- A. Flood insurance
- B. Homeowners association fees
- C. Title company/escrow agent services
- D. Sale of the mortgage loan on the secondary market

Answer: C

NEW QUESTION 157

Which of the following loans is subject to the Real Estate Settlement Procedures Act (RESPA)?

- A. Federally related mortgage loan
- B. Standard county related mortgage loan
- C. State registration related mortgage loan
- D. Unified commerce related mortgage loan

Answer: A

NEW QUESTION 159

It is acceptable for a lender to request a co-applicant in which of the following situations?

- A. The borrower will not qualify for the loan on their own.
- B. The borrower's future income is dependent on the co-applicant.
- C. The co-applicant will be residing in the house with the borrower.
- D. The co-applicant is gifting money to the borrower to make a down payment on a purchase-money mortgage

Answer: A

NEW QUESTION 164

Which of the following fees is a finance charge?

- A. Appraisal fees
- B. Title insurance
- C. Discount points
- D. Pest inspection fees

Answer: C

NEW QUESTION 168

On an FHA-insured loan, the FHA insurance protects the lender in the event that:

- A. The borrower is unable to pay the loan.
- B. There is a prior lien against the property.
- C. The lender is not able to find an investor to purchase the loan.
- D. The property suffers damage causing the value to fall below the appraised value.

Answer: A

NEW QUESTION 169

During the loan application process, which of the following documents specifies the time period that a mortgage lender agrees to hold the mortgage interest rate at a certain percentage?

- A. Loan application
- B. Preapproval letter
- C. Closing Disclosure
- D. Rate lock agreement

Answer: D

NEW QUESTION 172

A loan that is meant to be offered to prospective borrowers with poor credit history is generally referred to by which of the following terms?

- A. Balloon
- B. Subprime
- C. Fixed-rate
- D. Interest-only

Answer: B

NEW QUESTION 174

Which of the following is an origination fee?

- A. Appraisal fee
- B. Underwriting fee
- C. Title insurance fee
- D. Prepaid Interest fee

Answer: B

NEW QUESTION 176

Which of the following is a requirement for a mortgage loan originator (MLO) license?

- A. Completed at least 10 hours of pre-licensing education
- B. Have not had an MLO license revoked in the last five years
- C. Have never been convicted of a felony in a domestic, foreign or military court
- D. Are covered by either a net worth or surety bond or pay into a state fund as required by the state loan originator's supervisory authority

Answer: D

NEW QUESTION 177

How many days after loan consummation does a lender have to refund an excess charge subject to the 10% aggregate tolerance?

- A. 45 days
- B. 50 days
- C. 60 days
- D. 90 days

Answer: C

NEW QUESTION 179

When two borrowers are refinancing a mortgage loan, the notice of the right to rescind:

- A. must be given to both borrowers, but either borrower is permitted to rescind the loan.
- B. must be given to both borrowers, and both borrowers must agree to rescind the loan.
- C. is permitted to be given to either of the borrowers, and only one borrower is needed to rescind the loan.
- D. is permitted to be given to either of the borrowers, but both borrowers need to sign the notice to rescind the loan.

Answer: A

NEW QUESTION 183

Which of the following fees is a finance charge?

- A. A notary fee
- B. An origination fee
- C. An appraisal fee
- D. A late payment fee

Answer: B

NEW QUESTION 186

When obtaining a mortgage loan, title insurance is required to protect the:

- A. settlement agent.
- B. seller of the property.
- C. mortgage loan officer.
- D. lender providing the financing.

Answer: D

NEW QUESTION 188

Prepaid charges include which of the following items?

- A. Origination fee
- B. Credit report fee
- C. Conveyance tax
- D. Per diem interest

Answer: D

NEW QUESTION 191

Which of the following sources of funds is acceptable to utilize for down payments, closing costs or financial reserves?

- A. Virtual currency funds
- B. Community second funds
- C. Personal unsecured loans
- D. Foreign assets located outside of the U. or its territories
- E. or its territories

Answer: B

NEW QUESTION 195

Which of the following is an acceptable reason for denying a forward mortgage under the Equal Credit Opportunity Act (ECOA)?

- A. Receipt of child support
- B. Immigration status
- C. Marital status
- D. Retirement age

Answer: B

NEW QUESTION 200

Which of the following scenarios describes an assumable loan?

- A. A borrower has an option to take out a second mortgage
- B. A borrower has an option to choose a loan servicer.
- C. A purchaser of a property may be able to take over the existing loan payments.
- D. A loan holder can sell the loan.

Answer: C

NEW QUESTION 204

How many business days after issuance is an unlocked Loan Estimate considered expired?

- A. 3 days
- B. 5 days
- C. 7 days
- D. 10 days

Answer: D

NEW QUESTION 207

A mortgage loan in which a large portion of the borrowed principal is repaid at the end of the loan period is known as a:

- A. FHA mortgage.
- B. balloon mortgage.
- C. qualified mortgage.
- D. deferred-payment mortgage.

Answer: B

NEW QUESTION 210

If a borrower is provided a written estimate of the terms or costs specific to them before they receive the Loan Estimate, the written estimate must clearly and conspicuously provide which of the following statements at the top front of the first page?

- A. "Your actual rate, payment and costs will be higher."
- B. "Your actual rate, payment and costs could be higher."
- C. "Get an official Loan Estimate before choosing a loan."
- D. "By signing, you confirm that you have received this form."
- E. "You do not have to accept this loan because you have received this form."
- F. "By signing, you are only confirming that you have received this form."
- G. "You do not have to accept this loan because you have signed or received this form."

Answer: B

NEW QUESTION 213

A consumer with HIV/AIDS is protected from lending discrimination by the:

- A. Dodd-Frank
- B. Equality Act
- C. Fair Housing Act
- D. Employment Non-Discrimination Act

Answer: C

NEW QUESTION 216

Which of the following federal laws requires disclosures intended to prevent lenders or mortgage loan originators (MLOs) from increasing fees during the origination process?

- A. Truth in Lending Act (TILA)
- B. Equal Credit Opportunity Act (ECOA)
- C. Home Mortgage Disclosure Act (HMDA)
- D. Real Estate Settlement Procedures Act (RESPA)

Answer: D

NEW QUESTION 217

Which of the following factors does not affect the funding fee on a VA purchase?

- A. Service-connected disability
- B. First-time user
- C. Marital status
- D. Loan-to-value ratio

Answer: C

NEW QUESTION 219

When preparing a corrected Closing Disclosure, under which of the following conditions is a three-day waiting period required before a loan consummation?

- A. The addition of an escrow account
- B. The addition of a prepayment penalty
- C. If the APR changes within the acceptable tolerance
- D. If a revision is needed to the consumer's contact information

Answer: B

NEW QUESTION 221

When does the Loan Estimate expire?

- A. After the 3rd business day
- B. After the 5th business day
- C. After the 7th business day
- D. After the 10th business day

Answer: D

NEW QUESTION 223

During the closing the borrower notices that the interest rate increased from 3.250% to 3.875%. The lender must:

- A. tell the borrower to close the loan.
- B. close the loan, then re-disclose after the loan funds.
- C. postpone the closing, re-disclose and wait three days.
- D. postpone the closing, re-disclose and wait three business days.

Answer: D

NEW QUESTION 224

Which of the following entities is the primary regulatory authority for state-licensed, non-depository lenders?

- A. NMLS
- B. The Federal Trade Commission
- C. A state regulator
- D. The Conference of State Bank Supervisors

Answer: C

NEW QUESTION 226

Which of the following acts requires mortgage loan originators to complete annual continuing education to satisfy the requirement for licensure?

- A. The SAFE Act
- B. The Dodd-Frank Act
- C. The Truth in Lending Act (TILA)
- D. The Equal Credit Opportunity Act

Answer: A

NEW QUESTION 227

A borrower works at Company XYZ and was recently approved for a cash-out refinance of her primary residence. The closing is scheduled for Friday. On Monday of closing week, the mortgage loan originator (MLO) sees on the local news that XYZ is closing and the employees have been let go. Which of the following actions, if any, should the MLO take?

- A. Tell the borrower not to say anything at closing
- B. Nothing, as the loan has already been approved
- C. Recommend that the borrower attend homeownership counseling
- D. Notify the underwriter regarding possible change of borrower's employment status

Answer: D

NEW QUESTION 231

A mortgage loan originator (MLO) takes an application for a borrower who is obtaining an owner-occupied maximum amount refinance loan. The borrower also asks for a loan application for a new house that they are purchasing that will not be finished until 60 days after the refinance loan closes. Although the MLO advises the borrower that the terms of the refinance loan require that they occupy the property for 12 months, the borrower says that the new purchase loan will

not close until after the refinance loan has closed. The MLO must:

- A. refer the purchase loan to another MLO in their company to obtain a referral fee.
- B. refer the borrower to another lender for the purchase loan so that the MLO is permitted to get a commission on the refinance loan.
- C. take both applications and do one loan "in house" and broker the second loan to another lender.
- D. advise the borrower that the MLO can do the refinance loan as a non-owner-occupied loan and the purchase loan as an owner-occupied loan.

Answer: D

NEW QUESTION 233

Which of the following applicant characteristics is legally permitted to be considered in evaluating credit risk?

- A. Whether the applicant seems likely to have children
- B. Whether the applicant has a phone number listing in their name
- C. Whether the applicant's age makes them ineligible for credit-related insurance
- D. Whether the alimony payments the applicant relies on for income are likely to continue and to be consistently made

Answer: D

NEW QUESTION 238

A mortgage loan originator (MLO) is in the process of taking an application for a 30-year mortgage, and the borrowers are over 72 years old. Which of the following actions must the MLO take?

- A. The MLO must present them with a reverse mortgage.
- B. The MLO must present them with a home equity line of credit (HELOC).
- C. The MLO must complete the application and proceed as normal.
- D. The MLO must inquire about the ability to repay in the event of a borrower's death.

Answer: C

NEW QUESTION 243

Which of the following information must be included in advertisements?

- A. An NMLS unique identifier
- B. Estimated loan closing time frames
- C. A statement of an unrealistic interest rate
- D. Mortgage loan originator contact information

Answer: A

NEW QUESTION 246

A borrower has been approved for a new home loan and has completed all necessary paperwork. When should the borrower receive the Closing Disclosure?

- A. 4 business days prior to consummation
- B. 3 business days prior to consummation
- C. 1 business day prior to consummation
- D. On the day of consummation

Answer: B

NEW QUESTION 247

According to the TILA-RESPA Integrated Disclosure rule (TRID), changed circumstances that may result in a revised Loan Estimate include which of the following situations?

- A. Market fluctuations on a locked loan
- B. The borrower receiving a salary increase
- C. A natural disaster in the area where the loan will close
- D. Changes that the MLO should have known at the time the Loan Estimate was provided

Answer: C

NEW QUESTION 251

Loan applications must include all of the following information with respect to mortgage loan originators (MLOs) except the:

- A. Employer's NMLS unique identifier.
- B. Return fax number.
- C. MLO's NMLS unique identifier.
- D. MLO's name.

Answer: B

NEW QUESTION 252

In a federally related mortgage loan on a principal dwelling, which of the following parties has the right to rescind the transaction?

- A. Only the borrower who makes the most income

- B. Only the borrower with the majority interest in the transaction
- C. Only the person who will actually occupy the property
- D. Any person who has an ownership interest in the property

Answer: D

NEW QUESTION 257

A written agreement guaranteeing a specific rate is called:

- A. A loan application
- B. A lock-in agreement
- C. A preapproval letter
- D. An intent to proceed agreement

Answer: B

NEW QUESTION 262

The term "primary mortgage market" refers to which of the following responses?

- A. The medium in which mortgages are bought and sold following origination
- B. The role of Fannie Mae, Freddie Mac and Ginnie Mae in the mortgage industry
- C. The process by which mortgages are pooled and converted to marketable securities
- D. The confluence of borrowers and mortgage loan originators to negotiate loan terms and complete mortgage transactions

Answer: D

NEW QUESTION 267

A mortgage loan originator (MLO) received a salary of 1% per loan plus a bonus of \$5,000 for closing the most loans in the office last year. In addition, he received a trip to Hawaii based on closing 100 or more transactions with an interest rate of 5% or higher. Is the MLO's compensation prohibited?

- A. His compensation is permitted as compensation only includes salary and his salary is not based on loan terms.
- B. His compensation is permitted as compensation only includes salary and bonuses and his salary and bonus is not based on loan terms.
- C. His compensation is not permitted as compensation only includes salary and his salary is based on loan terms.
- D. His compensation is not permitted as compensation includes all financial incentives and his trip was awarded based on closing the most loans with certain loan terms.

Answer: D

NEW QUESTION 271

Under which of the following conditions, if any, is a mortgage lender permitted to charge a fee for the preparation of a Closing Disclosure?

- A. The borrower requests additional copies of the Closing Disclosure after the closing.
- B. The borrower requests that the Closing Disclosure be prepared before the scheduled closing.
- C. The lender has an affiliated business arrangement with the escrow agent.
- D. The lender is not allowed to charge a fee for the preparation of the Closing Disclosure.

Answer: D

NEW QUESTION 273

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