



NMLS

Exam Questions MLO

Mortgage Loan Origination (SAFE MLO) Exam

NEW QUESTION 1

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- D. Start a loan application so that the MLO can obtain the credit report and then show the application as "withdrawn"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 2

A borrower's monthly debt-to-income ratio is calculated by taking the:

- A. borrower's gross monthly housing expense divided by the principal, interest, and appraised value.
- B. eligible total monthly debt obligations, including the monthly housing expense, divided by the borrower's gross monthly income.
- C. eligible total monthly debt obligations for trade lines greater than 12 months multiplied by the borrower's net monthly income.
- D. eligible total monthly debt obligations excluding the monthly housing expense divided by the borrower's net monthly income

Answer: B

NEW QUESTION 3

An individual who is a loan processor or underwriter must maintain a state originator license if they:

- A. perform clerical duties for a mortgage lender as a supervised employee
- B. are not in communication with the consumer to obtain mortgage loan information.
- C. are an independent contractor and collect, receive or distribute information in connection with making a credit decision.
- D. are an employee of a loan processing or underwriting company that supports a mortgage broker/lender and only perform supervised clerical duties.

Answer: C

NEW QUESTION 4

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 5

Which of the following documents is required to be issued to a customer when a mortgage loan originator is also a real estate broker on the same transaction?

- A. Loan application
- B. Appraisal disclosure
- C. Special information booklet
- D. Affiliated business arrangement

Answer: D

NEW QUESTION 6

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 7

The practice of denying a creditworthy applicant a loan for housing because of the location of the property is sometimes referred to as:

- A. steering.
- B. redlining.
- C. appraising.
- D. low balling.

Answer: B

NEW QUESTION 8

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 9

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 10

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 10

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 14

On an annual basis, a licensed state mortgage loan originator must complete three hours of continuing education on federal law and regulations, two hours on nontraditional mortgage products, and two hours on:

- A. Ethics
- B. Government loan programs
- C. How to complete the loan application
- D. The operations of the secondary market

Answer: A

NEW QUESTION 18

Which of the following items is a liquid asset?

- A. Antique jewelry
- B. Publicly traded stocks
- C. Net worth of a business
- D. An automobile owned free and clear

Answer: B

NEW QUESTION 21

Within how many days must a creditor notify an applicant of action taken on a completed mortgage loan application?

- A. 15 days
- B. 30 days
- C. 45 days
- D. 60 days

Answer: B

NEW QUESTION 24

When a mortgage loan originator (MLO) receives information from a borrower that indicates potential employment fraud, the MLO should:

- A. Take no additional action because it is not confirmed.
- B. Take no additional action unless the borrower admits that they submitted false employment information.
- C. Report the information to another MLO for their opinion.
- D. Report the information to the company's compliance officer.

Answer: D

NEW QUESTION 29

Which of the following conditions must be met when presenting loan product options to a consumer?

- A. The presentation of loan products with prepayment penalties
- B. The presentation of loan products with the highest interest rates
- C. The presentation of loan products for which the consumer likely qualifies
- D. The presentation of loan products from creditors with which the mortgage loan originator does not regularly do business

Answer: C

NEW QUESTION 32

Which of the following actions do mortgage companies take to prevent falsified information by a borrower or mortgage loan originator (MLO)?

- A. Accept the documentation supplied by the borrower
- B. Accept the documentation supplied by both the borrower and the MLO
- C. Verify the income information by a settlement service provider
- D. Verify information by third parties not involved in the transaction

Answer: D

NEW QUESTION 34

How many days before consummation must a borrower receive a revised Loan Estimate?

- A. 4 business days
- B. 5 business days
- C. 7 business days
- D. 10 business days

Answer: C

NEW QUESTION 35

If a borrower only receives commission pay for 18 months, which of the following actions should a mortgage loan originator (MLO) take?

- A. Take the application but tell the borrower that they will need a cosigner
- B. Take the application because positive factors may offset the short income history
- C. Tell the borrower they need a steady income and not one that fluctuates
- D. Tell the borrower to come back in 6 months when they will have 24 months of commission pay

Answer: B

NEW QUESTION 39

A title insurance policy ensures that:

- A. A condominium is warrantable.
- B. The title commitment is accurate.
- C. The borrower owns the property.
- D. The borrower can repay the loan.

Answer: C

NEW QUESTION 40

Under which of the following programs is a creditor required to provide disclosures to the consumer that fully describe each of the creditor's variable-rate loan programs in which the consumer expresses an interest?

- A. ARM
- B. FHA
- C. Fixed
- D. Construction

Answer: A

NEW QUESTION 42

How often must a nonexempt telemarketing entity check their call list against the National Do Not Call Registry?

- A. Every 7 days
- B. Every 2 weeks
- C. Every 31 days

D. Annually

Answer: C

NEW QUESTION 47

Which of the following documents is required to be issued to a customer when a mortgage loan originator is also a real estate broker on the same transaction?

- A. Loan application
- B. Appraisal disclosure
- C. Special information booklet
- D. Affiliated business arrangement disclosure

Answer: D

NEW QUESTION 48

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 51

Which of the following information is required to be included on Uniform Residential Loan Application?

- A. Assets and liabilities
- B. Appraiser name and address
- C. Homeowners insurance provider
- D. Proof of homeownership counseling

Answer: A

NEW QUESTION 53

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 57

A borrower is approved for an 80/20 loan. Which of the following describes the lien priority for the 20% loan?

- A. First
- B. Second
- C. First as it will be combined with the 80% loan
- D. Second but combined with any other liens

Answer: B

NEW QUESTION 62

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 65

After receiving a completed application for a creditor's approval of a counteroffer, the creditor must notify an applicant of action taken within how many calendar days?

- A. 15 calendar days
- B. 20 calendar days
- C. 30 calendar days
- D. 60 calendar days

Answer: C

NEW QUESTION 67

Within three business days of receiving an application, which of the following information is a creditor required to provide to an applicant?

- A. The applicant's right to receive a copy of the appraisal report
- B. The applicant's right to select the appraiser
- C. A copy of the appraisal report
- D. Timeline of the appraisal process

Answer: A

NEW QUESTION 70

A mortgage loan originator who informs a prospective borrower that a certain loan interest rate can only be guaranteed if an application is submitted within the next 30 minutes is committing:

- A. Redlining
- B. Coercion
- C. Exaggeration
- D. Discrimination

Answer: B

NEW QUESTION 74

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 76

The SAFE Act prohibits individuals from engaging in the business of a residential mortgage loan originator without first obtaining a:

- A. unique identifier
- B. compliance plan.
- C. high school diploma.
- D. originator counseling certificate.

Answer: A

NEW QUESTION 81

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 83

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 86

Which of the following loan types may be considered a qualified loan under ability-to-pay rules

- A. An interest-only mortgage
- B. A loan with a balloon payment
- C. A loan with negative amortization
- D. A mortgage with an adjustable rate

Answer: D

NEW QUESTION 90

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 91

Which of the following real estate methods allows investors to estimate the value of a property by taking the rent collected and dividing it by the capitalization rate?

- A. Cost approach
- B. Income approach
- C. Residual method approach
- D. Sales comparison approach

Answer: B

NEW QUESTION 92

Which of the following statements defines the term "business day" in a mortgage rescission under the Truth in Lending Act (TILA)?

- A. Every day from 9 a.
- B. to 5 p.m.
- C. Every day except Sunday and legal holidays
- D. Any days except Saturdays and Sundays
- E. Any days that employees may access the office to work

Answer: B

NEW QUESTION 95

Which of the following loan types is regulated by the Home Ownership and Equity Protection Act (HOEPA)?

- A. Refinance
- B. Construction
- C. Reverse mortgage
- D. USDA Rural Development

Answer: A

NEW QUESTION 100

According to Regulation Z, which of the following is a prohibited act?

- A. Including undocumented child support payments made by the borrower
- B. Issuing disclosures to applicants
- C. Redisclosing a Loan Estimate immediately after locking the rate
- D. Advertising rates not currently available to applicants

Answer: D

NEW QUESTION 101

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 104

An interest-only mortgage is a mortgage with scheduled payments that require the consumer to have:

- A. Payments of interest for a specified amount of time.
- B. Fixed payments every month, but the interest rate adjusts monthly.
- C. Adjustable payments every month based on an adjustable interest rate.
- D. Monthly payments for a specified amount of time that then roll over to principal-only payments because the interest has already been paid.

Answer: A

NEW QUESTION 107

A veteran borrower obtains a VA loan to purchase a property for \$200,000 and opts to finance the entire purchase price plus the VA funding fee of 2.15%. The initial payment for principal and interest will be calculated based on a loan amount of:

- A. \$200,000
- B. \$204,300
- C. \$200,000 plus lender's attorney fees

D. \$204,300 plus lender's attorney fees

Answer: B

NEW QUESTION 109

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 110

Mortgage loan originators planning to renew their licenses are required by the SAFE Act to complete which of the following education topics as part of their mandatory annual continuing education?

- A. Credit score modeling standards
- B. Mortgage loan loss mitigation standards
- C. Nontraditional mortgage lending standards
- D. 30-year conventional mortgage lending standards

Answer: C

NEW QUESTION 115

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 120

Which of the following activities is an example of redlining in mortgage lending?

- A. Ensuring that all creditworthy borrowers are afforded equal treatment when applying for a mortgage loan
- B. The mortgage loan originator convincing the underwriter to move their loan file to the front of the line or "redline" it
- C. The act of the mortgage lender putting a "red line" under the borrower's name in a file to indicate they are a substandard applicant
- D. The systematic denial of various services to residents of specific, often racially associated, neighborhoods or communities, either explicitly or through the selective raising of prices

Answer: D

NEW QUESTION 123

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 127

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 128

Maximum available flood insurance structure coverage for a residential property from the National Flood Insurance Program is what amount?

- A. £250,000
- B. £500,000
- C. \$750,000
- D. \$1,000,000

Answer: A

NEW QUESTION 130

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 132

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 136

According to the SAFE Act, which of the following activities requires licensure as a mortgage loan originator?

- A. Providing a consumer with a Homebuyer's Toolkit
- B. Providing a consumer with the loan policies of the lender
- C. Communicating with a consumer to arrange a loan closing
- D. Communicating the details of an offer for the first time over the phone

Answer: D

NEW QUESTION 140

Which of the following actions should a mortgage loan originator (MLO) take if a real estate broker offers the MLO \$500 to obtain a purchase-money mortgage for the real estate broker's client?

- A. Decline the money
- B. Apply the \$500 towards the downpayment
- C. Receive the \$500 fee and include it on the Closing Disclosure
- D. Accept the money after obtaining the requested loan for the client

Answer: A

NEW QUESTION 143

When applying for a home equity line of credit (HELOC), consumers should review documentation carefully and be sure that they consider:

- A. if the HELOC is insured by HUD.
- B. if the HELOC requires private mortgage insurance
- C. if the company offering the HELOC has deposit accounts insured by the FDIC.
- D. the APR and the costs of acquiring and maintaining the HELOC.

Answer: D

NEW QUESTION 146

Interest-only mortgages are considered high risk compared to traditional mortgage products because:

- A. scheduled payments do not reduce the loan's principal balance.
- B. the borrower's ability to repay is not considered when making the credit decision.
- C. the interest rate exceeds the average prime offer (APOR) rate by 1.5 percentage points.
- D. the interest rate exceeds the APOR by 6.5 percentage points.

Answer: A

NEW QUESTION 150

Which of the following components of an ARM adjusts periodically?

- A. Index and margin only
- B. Index and interest rate only
- C. Margin and interest rate only
- D. Margin, Index and interest rate

Answer: B

NEW QUESTION 151

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 153

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 158

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 162

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 166

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 168

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 169

No more than how many days before calling any consumer should a company access the National Do Not Call Registry and maintain records documenting this process?

- A. 14 days
- B. 31 days
- C. 45 days
- D. 60 days

Answer: C

NEW QUESTION 173

Which of the following acts or practices violates appraisal independence?

- A. The mortgage loan originator (MLO) asks the appraiser to correct errors on the appraisal.
- B. The MLO asks the appraiser for a minimum valuation of the property so that the loan-to-value meets lending requirements.
- C. The MLO asks the appraiser to consider additional comparable properties to make or support an appraisal.
- D. The MLO asks the appraiser to provide further detail or explanation for the appraiser's value conclusion.

Answer: B

NEW QUESTION 178

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 181

Which of the following factors is considered when determining the interest rate for a subprime mortgage?

- A. The term of the loan
- B. The property location
- C. The sales price of the property
- D. The credit score of the applicants]

Answer: D

NEW QUESTION 186

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 188

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 192

Which of the following documents is a real estate conveyance?

- A. Quit claim deed
- B. Promissory note
- C. Mortgage instrument
- D. Occupancy certificate

Answer: A

NEW QUESTION 193

.....

Thank You for Trying Our Product

We offer two products:

1st - We have Practice Tests Software with Actual Exam Questions

2nd - Questions and Answers in PDF Format

MLO Practice Exam Features:

- * MLO Questions and Answers Updated Frequently
- * MLO Practice Questions Verified by Expert Senior Certified Staff
- * MLO Most Realistic Questions that Guarantee you a Pass on Your FirstTry
- * MLO Practice Test Questions in Multiple Choice Formats and Updatesfor 1 Year

100% Actual & Verified — Instant Download, Please Click
[Order The MLO Practice Test Here](#)