

MLO Dumps

Mortgage Loan Origination (SAFE MLO) Exam

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NEW QUESTION 1

The upfront premium charged on an FHA mortgage transaction to protect a creditor in the event of borrower default is an example of:

- A. optional credit life insurance.
- B. force-placed hazard insurance.
- C. government mortgage insurance.
- D. private mortgage insurance

Answer: C

NEW QUESTION 2

Which of the following statements best describes the index on an ARM?

- A. Mortgage lenders control the value of the index.
- B. The index rate is fixed for the life of the loan.
- C. Index rates vary as the general level of interest rates change.
- D. The Federal Reserve adjusts the discount rate index.

Answer: C

NEW QUESTION 3

Which of the following practices is a prudent and reasonable cybersecurity precaution regarding laptop computers?

- A. A laptop should never be taken out of the office.
- B. A laptop should be shared by no more than five people.
- C. Passwords should only be shared with a direct supervisor.
- D. A laptop should automatically shut down and require a new login if not used for a period of time.

Answer: D

NEW QUESTION 4

Which of the following circumstances may indicate fraud with respect to the assets a borrower will use for closing?

- A. Bank deposits that are not supported by income or other disclosures
- B. Disclosure of gift funds
- C. Parental loans disclosed but not yet received
- D. Borrower's receipt of a large bonus from an employer

Answer: A

NEW QUESTION 5

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 6

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 7

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 8

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 9

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;
- B. refinance of a condominium property.
- C. loans secured by a mobile home on a leased lot.

Answer: C

NEW QUESTION 10

A person paying or receiving a portion of a fee that has not been earned in connection with the settlement statement is which of the following practices?

- A. Actual fees
- B. Splitting fees
- C. Average fees
- D. Third-party fees

Answer: B

NEW QUESTION 10

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 14

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 15

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 20

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 24

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 26

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 27

A licensed mortgage loan originator (MLO) sharing his commission with another licensed MLO at his company for actual services performed on a loan is considered which of the following terms?

- A. Tip sharing
- B. Fee splitting
- C. Single fee method
- D. Double fee method

Answer: B

NEW QUESTION 29

Which of the following scenarios is permissible according to the SAFE Act?

- A. An unlicensed assistant to a mortgage loan originator (MLO) conducts MLO activities under the authority of the MLO's unique identifier and licenses.
- B. An MLO who is not licensed in a subject property's state still originates the loan under the authority of the company's license in that particular state.
- C. A third-party underwriter conducts administrative and clerical duties while working under the supervision of a licensed MLO with their organization.
- D. An underwriter who is functioning as an independent contractor conducts administrative and clerical duties while working under the supervision of a licensed MLO.

Answer: C

NEW QUESTION 33

Consumer complaints and the analysis of complaints play a vital role in identifying weaknesses in elements of a company's:

- A. hiring procedures and training.
- B. compliance management training and internal controls
- C. secondary marketing practices of selling loans to investors.
- D. compliance management, senior management and branch locations.

Answer: B

NEW QUESTION 36

Which of the following acts provides a state licensing and regulatory agency to investigate and examine a mortgage company?

- A. SAFE Act
- B. Truth in Lending Act (TILA)
- C. Real Estate Settlement Procedures Act (RESPA)
- D. Home Ownership and Equity Protection Act (HOEPA)

Answer: A

NEW QUESTION 39

The ability to originate loans under temporary authority applies to which of the following?

- A. Previously licensed real estate brokers
- B. Previously registered mortgage loan originators (MLOs)
- C. An MLO who has scheduled their test but not completed it
- D. An MLO who is still waiting for their credit check to be completed

Answer: B

NEW QUESTION 41

According to the Truth in Lending Act (TILA), the term "finance charge" includes which of the following charges?

- A. Daily or per diem interest paid by borrower
- B. Seller's points offered to reduce the borrower's closing costs
- C. A standard credit application fee charged to all loan applicants
- D. Document preparation fees for items such as mortgages and deeds

Answer: A

NEW QUESTION 46

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 50

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 53

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 58

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 60

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

In the loan application process, when must specific disclosures be provided to a borrower for an ARM?

- A. At closing
- B. At first mention of an ARM loan
- C. When a loan is locked in
- D. Within three days of a complete application

Answer: D

NEW QUESTION 66

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 69

Which of the following advertising statements is permissible?

- A. "5% 30-year fixed with no closing costs"
- B. "5% for 10 years, then one balloon payment"
- C. "30-year variable rate mortgages starting at "
- D. "30-year fixed mortgage for a 5% APR with approved credit"

Answer: D

NEW QUESTION 73

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 76

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 77

According to Federal Reserve Regulation Z, which of the following fees is a finance charge in a residential mortgage transaction?

- A. Notary
- B. Interest
- C. Credit report
- D. Title Insurance

Answer: B

NEW QUESTION 82

Which of the following is an example of a loan expense that is permitted to change without any tolerance restrictions?

- A. Property taxes paid by the borrower
- B. A lender's tax service fee that is paid by the borrower
- C. A lender's processing fee that is paid by the borrower
- D. An escrow fee that is paid by the borrower and the borrower did not shop for the fee

Answer: A

NEW QUESTION 84

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 86

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 91

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 93

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 98

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 101

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 102

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 107

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 110

Which of the following duties requires licensure under the SAFE Act?

- A. A licensed and registered real estate broker performing real estate brokerage activities
- B. An individual who performs administrative or clerical tasks on behalf of a mortgage loan originator
- C. An individual who offers or negotiates terms of a residential mortgage loan for compensation or gain
- D. An individual who performs processing and underwriting duties at the direction of and subject to the supervision of a licensed individual

Answer: C

NEW QUESTION 115

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 118

The characteristics of a fixed-rate mortgage include a:

- A. fixed margin.
- B. fixed interest rate.
- C. mandatory 30-year term.
- D. minimum balloon payment.

Answer: B

NEW QUESTION 123

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 125

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 127

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 (RESPA1)

Answer: D

NEW QUESTION 130

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 133

A mortgage loan originator (MLO) originates a 5/1 ARM where the indexed rate is likely to be higher than the introductory rate. The Truth in Lending Act (TILA) states that an MLO must calculate a borrower's monthly Payment amount based on which of the following?

- A. Payment amount during the fixed introductory period
- B. An average of the varying payment amounts over the life of the loan
- C. The total amount of the payments
- D. Fully indexed rate of the loan

Answer: D

NEW QUESTION 135

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 140

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 145

How long does Regulation Z of the Truth in Lending Act (TILA) require a mortgage company to retain the Closing Disclosure for a closed mortgage loan?

- A. 2 years
- B. 3 years
- C. 4 years
- D. 5 years

Answer: D

NEW QUESTION 148

Which of the following events will cause a mortgage loan originator's (MLO's) temporary authority to cease in a given state?

- A. The MLO was terminated by his previous employer.
- B. Another state denies the MLO's license application.
- C. The state does not grant temporary authority to transitioning MLOs.
- D. A week has elapsed between when the MLO's federal registration expired and sponsorship by a new employer.

Answer: C

NEW QUESTION 151

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 152

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 157

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 158

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