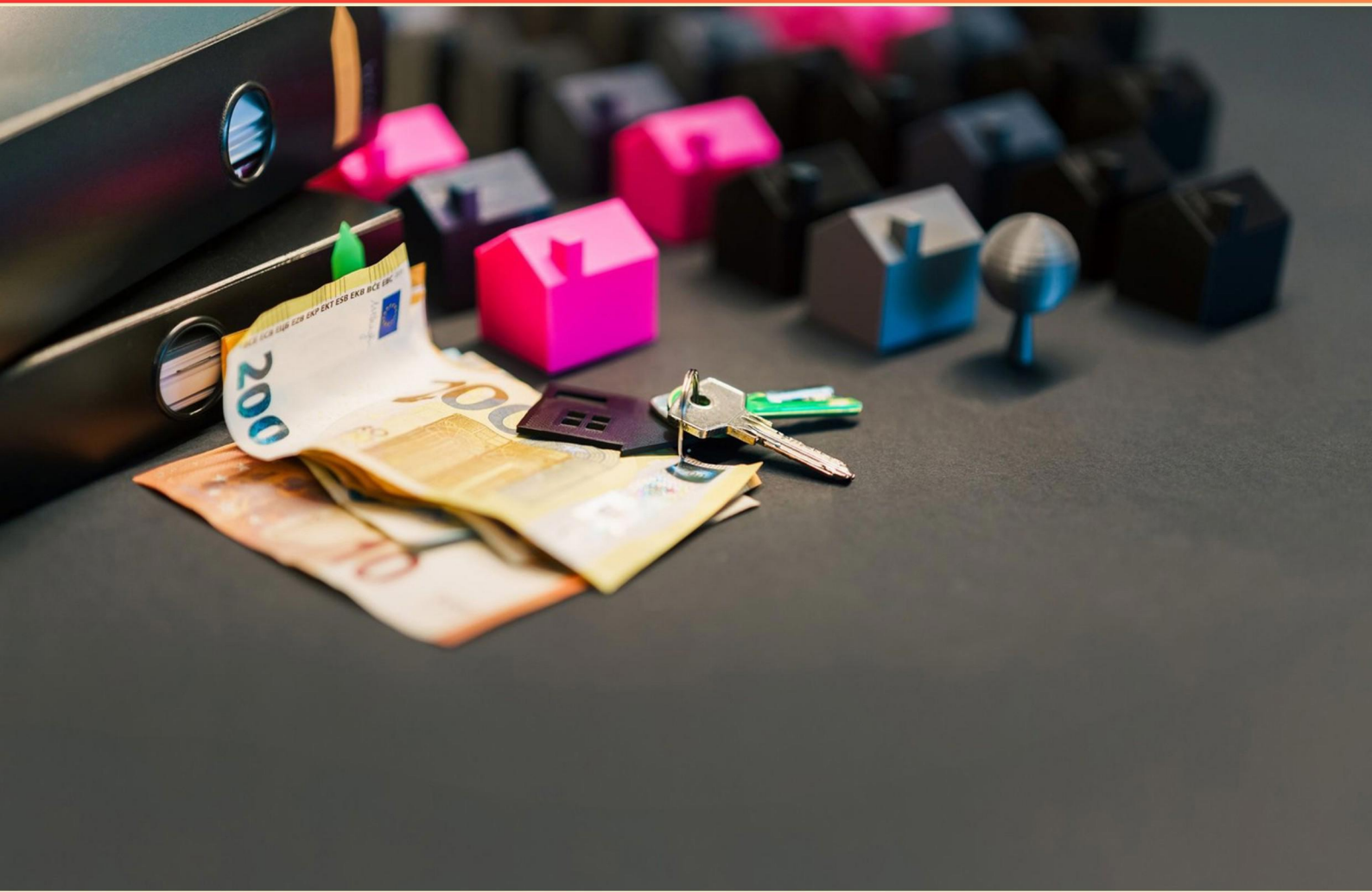


ACCREDITED MORTGAGE PROFESSIONAL (AMP) PRACTICE EXAM (SAMPLE) STUDY GUIDE



Prepare with structure. Pass with confidence



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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 – 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

Questions

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- 1. What can cause a change in the principal balance of a mortgage loan?**
 - A. Only the interest rate adjustments
 - B. Payments made by the borrower or loan modifications
 - C. Only late fees incurred by the borrower
 - D. Adjustments due to property value changes
- 2. What is the primary purpose of the Truth in Lending Act (TILA)?**
 - A. To protect consumers from predatory lending
 - B. To promote the informed use of consumer credit by requiring disclosures about its terms and cost
 - C. To standardize loan applications across lenders
 - D. To eliminate the need for credit scores in lending
- 3. What does amortization refer to in the context of loans?**
 - A. The gradual reduction of a loan balance through regular payments over time.
 - B. The process of acquiring additional debts against assets.
 - C. A method to calculate the total interest on a loan.
 - D. The act of refinancing a loan to secure a better rate.
- 4. What does a mortgage's amortization schedule indicate?**
 - A. The timeline for property appreciation
 - B. The breakdown of payments into principal and interest over time
 - C. The total interest a borrower will pay over the life of the loan
 - D. The amount of down payment required
- 5. Which federal act prohibits discrimination by lenders based on various personal attributes including race and age?**
 - A. Fair Housing Act
 - B. Lending Act
 - C. Equal Credit Opportunity Act
 - D. Consumer Credit Protection Act

6. Is it legal for brokers to decide not to show a discount broker's listings?

- A. Yes, it is a competitive strategy
- B. No, it constitutes a boycott
- C. Yes, brokers can choose to work exclusively
- D. No, it's a violation of ethical standards

7. What does owner-occupied mean in terms of mortgage qualification?

- A. A property in which the borrower intends to live as their primary residence.
- B. A residence that is rented out to tenants.
- C. A property that is abandoned and not in use.
- D. A house that is maintained as a vacation home.

8. Which of the following components are included in a standard mortgage payment?

- A. Principal, interest, taxes, and insurance
- B. Loan amount, interest, taxes, and PMI
- C. Principal, loan fees, taxes, and utilities
- D. Interest, maintenance costs, property taxes, and insurance

9. What is the primary purpose of Private Mortgage Insurance (PMI)?

- A. To lower interest rates for borrowers
- B. To protect the lender when a borrower defaults
- C. To insure the property against damage
- D. To cover property taxes in case of foreclosure

10. What is the primary benefit of a fixed-rate mortgage?

- A. Lower interest rates than adjustable-rate mortgages
- B. Flexibility in payment options
- C. Consistency in monthly payments over the life of the loan
- D. Higher total loan amounts

Answers

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1. B
2. B
3. A
4. B
5. C
6. B
7. A
8. A
9. B
10. C

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Explanations

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1. What can cause a change in the principal balance of a mortgage loan?

- A. Only the interest rate adjustments
- B. Payments made by the borrower or loan modifications**
- C. Only late fees incurred by the borrower
- D. Adjustments due to property value changes

The principal balance of a mortgage loan primarily changes due to actions taken by the borrower, specifically payments made or alterations to the loan agreement, such as loan modifications. When a borrower makes a payment, a portion of that payment goes towards the principal balance, which reduces the amount owed on the loan. Additionally, if a borrower negotiates a loan modification, it may involve changes such as a reduction in the principal amount due, which directly affects the balance. Other factors mentioned in the remaining options do not comprehensively account for significant changes to the principal balance. For instance, interest rate adjustments can affect monthly payments but do not inherently change the principal balance itself unless they are part of a refinancing process. Late fees may increase the total cost of borrowing but do not reduce the principal balance. Changes in property value might affect the equity the borrower has in the property but do not impact the actual balance of the mortgage loan. Thus, payments and modifications by the borrower are the primary drivers of change in the principal balance.

2. What is the primary purpose of the Truth in Lending Act (TILA)?

- A. To protect consumers from predatory lending
- B. To promote the informed use of consumer credit by requiring disclosures about its terms and cost**
- C. To standardize loan applications across lenders
- D. To eliminate the need for credit scores in lending

The primary purpose of the Truth in Lending Act (TILA) is to promote the informed use of consumer credit by requiring lenders to disclose the terms and costs associated with loans. TILA mandates that lenders provide clear and comprehensive information about the interest rates, fees, and other essential terms associated with various credit products. This transparency is aimed at ensuring that consumers can compare loan offers effectively and make informed financial decisions. By requiring these disclosures, TILA helps prevent deceptive practices and ensures that consumers are aware of their financial obligations and the true cost of borrowing. This aspect is crucial in fostering a more transparent lending environment, allowing consumers to understand not only how much they will pay but also the implications of the financing terms over the duration of the loan. The other options, while related to consumer protection and lending practices, do not encapsulate the principal aim of TILA as comprehensively as the requirement for clear disclosures regarding credit terms. For instance, while protecting consumers from predatory lending is important, it is a broader objective that encompasses various laws and regulations beyond TILA. Standardizing loan applications may also enhance efficiency in the lending process, but it is not a primary focus of TILA, which is centered more on disclosure than standardization. Lastly, eliminating the need

3. What does amortization refer to in the context of loans?

- A. The gradual reduction of a loan balance through regular payments over time.**
- B. The process of acquiring additional debts against assets.
- C. A method to calculate the total interest on a loan.
- D. The act of refinancing a loan to secure a better rate.

Amortization, in the context of loans, refers specifically to the gradual reduction of a loan balance through regular payments over time. This process involves making consistent payments that cover both the principal and interest amounts due, leading to a decrease in the overall debt owed. As each payment is made, a portion goes toward the interest, while the remainder reduces the principal balance. Over the life of the loan, the allocation shifts, with a larger percentage of each payment going toward the principal in later years. Understanding amortization is crucial, as it impacts how quickly a borrower can pay off a loan and how much interest they will ultimately pay. This concept is often presented in schedules that outline each payment, showing how the balance decreases over time, which is beneficial for both the lender and the borrower to track the loan's progress and implications on personal finance.

4. What does a mortgage's amortization schedule indicate?

- A. The timeline for property appreciation
- B. The breakdown of payments into principal and interest over time**
- C. The total interest a borrower will pay over the life of the loan
- D. The amount of down payment required

The amortization schedule provides a detailed breakdown of each payment made on a mortgage loan throughout its term. Specifically, it shows how much of each payment goes towards paying down the principal balance of the loan and how much goes towards the interest. This schedule is crucial for borrowers to understand because it highlights how the balance of the loan decreases over time and reveals how the interest component of their payments changes as the principal is paid down. As the borrower continues making payments, the portion allocated to interest declines while the portion going towards the principal increases, ultimately leading to the loan being fully paid off at the end of the term. This understanding can help borrowers plan their finances more effectively, making option B the correct answer.

5. Which federal act prohibits discrimination by lenders based on various personal attributes including race and age?

- A. Fair Housing Act
- B. Lending Act
- C. Equal Credit Opportunity Act**
- D. Consumer Credit Protection Act

The Equal Credit Opportunity Act is the federal legislation that explicitly prohibits discrimination by lenders on the basis of various personal characteristics, such as race, color, religion, national origin, sex, marital status, age, and receipt of public assistance. Enacted in 1974, this law ensures that all individuals have equal access to credit and that lending decisions are based solely on creditworthiness and not on personal attributes that should not influence a lender's decision. This act is particularly significant because it aims to eliminate biases in lending practices and enhances fairness in credit transactions. By focusing solely on the applicant's financial credentials without regard to protected characteristics, the Equal Credit Opportunity Act works to foster a more equitable lending environment. In contrast, the Fair Housing Act primarily addresses discrimination in housing-related transactions, rather than credit specifically. The Lending Act and the Consumer Credit Protection Act do not provide the same level of detail regarding discrimination in lending practices based on personal attributes. Thus, the Equal Credit Opportunity Act stands out as the appropriate answer regarding the prohibition of discrimination by lenders.

6. Is it legal for brokers to decide not to show a discount broker's listings?

- A. Yes, it is a competitive strategy
- B. No, it constitutes a boycott**
- C. Yes, brokers can choose to work exclusively
- D. No, it's a violation of ethical standards

The correct answer highlights the legal implications of brokers choosing not to show a discount broker's listings. When brokers engage in a practice that effectively excludes or ostracizes other brokers based on the pricing structures they adopt, it can be viewed as a boycott. A boycott typically involves a refusal to engage with a particular group or type of business, which can restrain or limit competition in the marketplace. In this case, if brokers collectively decide not to show listings from discount brokers solely because of their commission structures, it can disrupt the competitive balance among real estate agents and potentially violate antitrust laws. Such behaviors can be perceived as collusion, which undermines fair competition and can have legal repercussions. While brokers may have preferences for whom they wish to work with, choosing to exclude particular listings purely based on the broker's commission rates crosses the line into unethical conduct and raises legal concerns associated with fair competition and market practices. Thus, the assertion that this practice constitutes a boycott is well-founded based on these competitive and legal principles.

7. What does owner-occupied mean in terms of mortgage qualification?

- A. A property in which the borrower intends to live as their primary residence.**
- B. A residence that is rented out to tenants.
- C. A property that is abandoned and not in use.
- D. A house that is maintained as a vacation home.

In mortgage qualification, the term "owner-occupied" specifically refers to a property in which the borrower intends to live as their primary residence. This classification is crucial because it can influence the terms of the mortgage, including interest rates, down payment requirements, and eligibility for various programs. Lenders often view owner-occupied properties as lower risk compared to those that are investment properties or vacation homes, which motivates them to offer more favorable loan conditions. When a borrower intends to occupy the home as their principal dwelling, they are typically seen as more committed to maintaining the property and meeting mortgage obligations, thus presenting a lower risk of default. This is why understanding the definition of owner-occupied properties is essential for both lenders and borrowers in the mortgage qualification process.

8. Which of the following components are included in a standard mortgage payment?

- A. Principal, interest, taxes, and insurance**
- B. Loan amount, interest, taxes, and PMI
- C. Principal, loan fees, taxes, and utilities
- D. Interest, maintenance costs, property taxes, and insurance

A standard mortgage payment typically includes four key components: principal, interest, taxes, and insurance. The principal is the actual amount borrowed, which reduces with each payment made. The interest is the cost of borrowing that principal, calculated as a percentage of the loan amount. Taxes refer to property taxes levied by local governments, which are often collected as part of the mortgage payment and held in an escrow account to ensure timely payment. Insurance usually encompasses homeowners insurance, which protects against damages to the property, and may also include private mortgage insurance (PMI) when the down payment is less than 20% of the home's value. Other options mix different elements that don't accurately reflect the components of a standard mortgage payment. For example, the second choice includes loan amount instead of principal, which can create confusion since the loan amount is the original borrowing but not a recurring payment. The third choice refers to loan fees and utilities, neither of which is included in standard mortgage payments. The last option includes maintenance costs, which are expenses incurred by the homeowner but are not part of the mortgage payment structure. Thus, choice A encompasses the typical elements that make up a comprehensive mortgage payment, providing a clear understanding of the financial obligations involved in homeownership.

9. What is the primary purpose of Private Mortgage Insurance (PMI)?

- A. To lower interest rates for borrowers
- B. To protect the lender when a borrower defaults**
- C. To insure the property against damage
- D. To cover property taxes in case of foreclosure

The primary purpose of Private Mortgage Insurance (PMI) is to protect the lender when a borrower defaults on their mortgage. PMI is typically required for borrowers who are unable to make a down payment of at least 20% of the home's purchase price. In cases where the borrower does default, PMI ensures that the lender is compensated for a portion of their loss, thus mitigating risk associated with higher loan-to-value ratios. This insurance provides a security blanket for lenders, encouraging them to lend to borrowers who may otherwise not qualify for a conventional mortgage due to the smaller down payment. Other options do not accurately reflect the role of PMI. For instance, while lowering interest rates for borrowers might be a goal of other financial products, it is not the function of PMI. Similarly, insuring a property against damage is typically managed through homeowner's insurance, not PMI. Lastly, covering property taxes in the event of foreclosure does not align with the purpose of PMI, which is strictly focused on loan default liability rather than tax obligations. Thus, the role of PMI is essential in facilitating home ownership for borrowers with lower down payments by providing safeguards for lenders.

10. What is the primary benefit of a fixed-rate mortgage?

- A. Lower interest rates than adjustable-rate mortgages
- B. Flexibility in payment options
- C. Consistency in monthly payments over the life of the loan**
- D. Higher total loan amounts

The primary benefit of a fixed-rate mortgage is the consistency in monthly payments over the life of the loan. With a fixed-rate mortgage, the interest rate is established at the outset and remains unchanged for the duration of the loan. This means that the borrower has predictability in their budgeting and financial planning, as the monthly principal and interest payments do not fluctuate. This stability is particularly advantageous in times of economic uncertainty or rising interest rates, as borrowers are protected from sudden increases in their monthly payment amounts. While adjustable-rate mortgages might offer lower initial rates or flexibility in payment options, they carry the risk of rate adjustments that can lead to increased payments in the future. Additionally, the total loan amounts available are generally influenced by various factors such as income, debt-to-income ratio, and lender guidelines, rather than being a specific advantage of fixed-rate mortgages. The reliability of fixed payments is a critical element that attracts many borrowers seeking security in their financial commitments.

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Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

<https://accredmortgagepro.examzify.com>

We wish you the very best on your exam journey. You've got this!

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