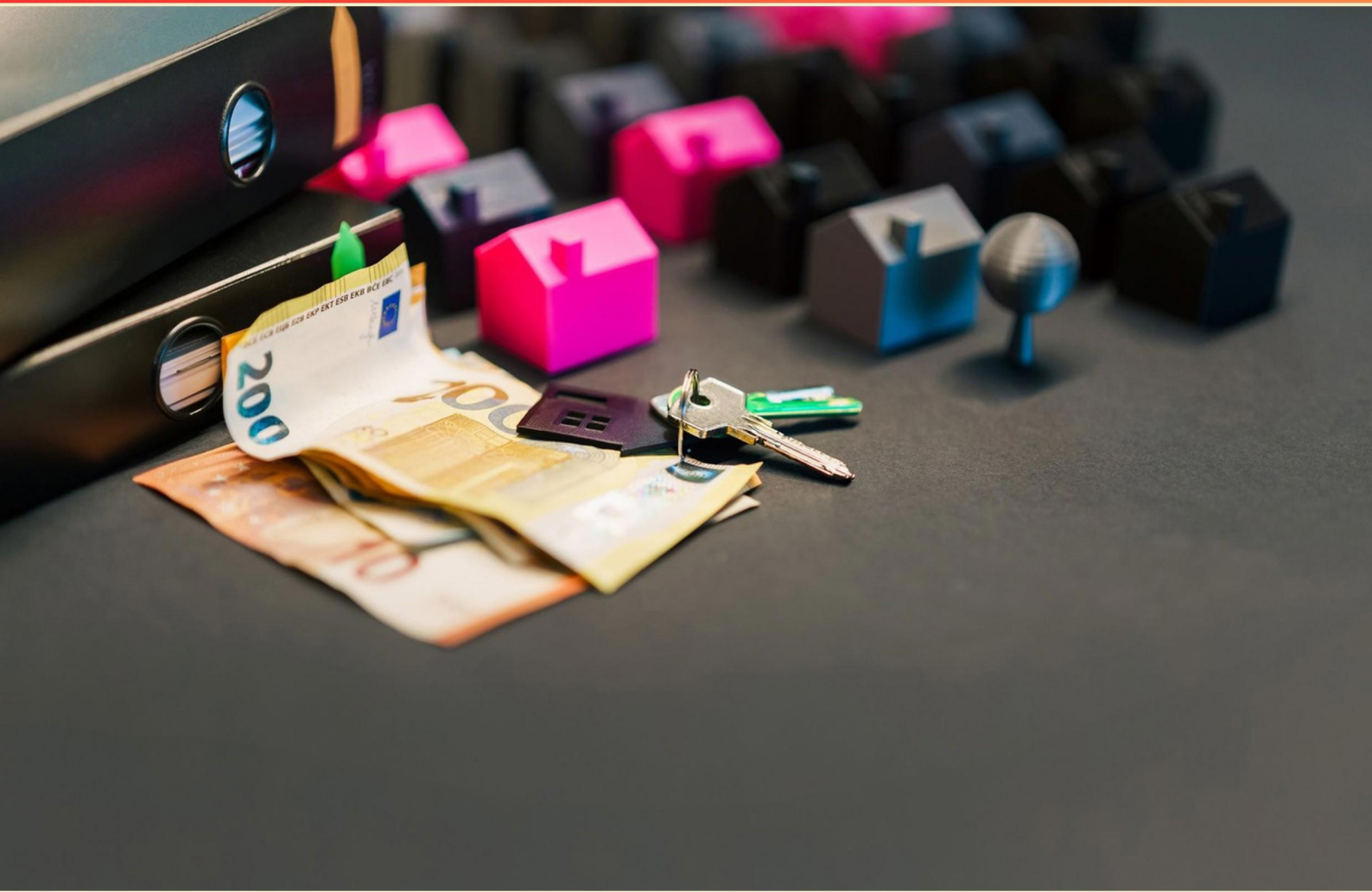


ACCREDITED MORTGAGE PROFESSIONAL (AMP) PRACTICE EXAM (SAMPLE) STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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THE FULL VERSION STUDY GUIDE

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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. The ratio of a property's net income to its initial investment is known as what?**
 - A. Capitalization rate
 - B. Return on investment
 - C. After-tax cash flow
 - D. Gross rental yield
- 2. According to the Truth in Lending Act, what must a lender NOT disclose?**
 - A. Interest rates
 - B. Loan fees
 - C. Title fees
 - D. Annual percentage rates
- 3. Which of the following accurately defines a "loan to value" ratio?**
 - A. The total amount of the loan divided by the appraised value of the property
 - B. The total cost of the property divided by the interest rate
 - C. The total amount the borrower can repay over the life of the loan
 - D. The amount of equity a borrower has in their property
- 4. What type of mortgage allows for properties to be purchased with minimal down payments and lower credit scores?**
 - A. Conventional mortgage
 - B. FHA mortgage
 - C. VA mortgage
 - D. Bridge mortgage
- 5. What is a loan modification?**
 - A. A restructuring of a loan's terms
 - B. An increase in loan amount
 - C. A type of government grant
 - D. A refinancing option

- 6. Which federal law obliges loan originators to provide a Loan Estimate within three days of application?**
- A. Truth in Lending Act
 - B. Real Estate Settlement Procedures Act
 - C. TILA-RESPA Integrated Disclosure
 - D. Fair Housing Act
- 7. What type of mortgage includes both real and personal property?**
- A. A conventional mortgage
 - B. A blanket mortgage
 - C. A package mortgage
 - D. An adjustable-rate mortgage
- 8. Which regulatory body oversees mortgage lending practices in the U.S.?**
- A. The Federal Housing Administration (FHA)
 - B. The Securities and Exchange Commission (SEC)
 - C. The Consumer Financial Protection Bureau (CFPB)
 - D. The Federal Reserve Bank
- 9. What is a real estate investment trust (REIT)?**
- A. A cooperative housing arrangement
 - B. A company that finances income-producing real estate
 - C. A type of government housing program
 - D. A personal property investment strategy
- 10. What is a mortgage that does not require mortgage insurance but may have a higher interest rate?**
- A. Conventional Mortgage
 - B. FHA Mortgage
 - C. VA Mortgage
 - D. Subprime Mortgage

Answers

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

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Explanations

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1. The ratio of a property's net income to its initial investment is known as what?

- A. Capitalization rate
- B. Return on investment
- C. After-tax cash flow**
- D. Gross rental yield

The ratio of a property's net income to its initial investment is best identified as return on investment. This measurement allows investors to assess the efficiency of their investment by calculating how much return they receive relative to the amount of money they initially put in. It provides a straightforward way for investors to evaluate the profitability of an investment over time or to compare the profitability of different investment opportunities. In this context, capitalization rate which reflects the expected return on a real estate investment based on its net operating income and its current market value, is related but differs as it does not take into account the initial investment specifically. After-tax cash flow represents the net income available after taxes have been deducted, which is relevant to overall cash flow but not directly to the ratio of income to investment. Gross rental yield measures the income generated from rental properties relative to the price but does not account for expenses related to generating that income, making it less applicable to this specific question about net income in relation to initial investment.

2. According to the Truth in Lending Act, what must a lender NOT disclose?

- A. Interest rates
- B. Loan fees
- C. Title fees**
- D. Annual percentage rates

The Truth in Lending Act (TILA) requires lenders to disclose certain key terms of a loan, which includes important information about borrowing costs that consumers will face. This includes the interest rate, loan fees, and the annual percentage rate (APR). In this context, title fees are not required to be disclosed under TILA in the same manner as interest rates, loan fees, and APR. Title fees are related to the title insurance and other aspects of the closing process, and they aren't considered part of the main terms of borrowing that TILA is primarily concerned with for the purpose of ensuring clear and transparent communication to borrowers about the costs they will incur through the loan. Therefore, the correct answer highlights that lenders are not obligated to specifically disclose title fees under the Truth in Lending Act, distinguishing them from other key pricing aspects of the loan that must be clearly stated. This understanding is crucial for borrowers to interpret what information they are entitled to receive when entering into a lending agreement.

3. Which of the following accurately defines a "loan to value" ratio?

- A. The total amount of the loan divided by the appraised value of the property
- B. The total cost of the property divided by the interest rate
- C. The total amount the borrower can repay over the life of the loan
- D. The amount of equity a borrower has in their property

The "loan to value" ratio (LTV) is indeed defined as the total amount of the loan divided by the appraised value of the property. This ratio is a crucial metric used by lenders to assess the risk associated with lending to a borrower. A higher LTV indicates that a borrower has less equity in the property, which can increase the lender's risk in case of default. In practical terms, the LTV ratio helps determine the borrower's eligibility for a loan, the terms of that loan, and potentially whether mortgage insurance is required. For example, if a borrower is purchasing a home appraised at \$200,000 and takes out a loan for \$160,000, the LTV ratio would be 80% (which is calculated as \$160,000 divided by \$200,000). This is a standard calculation that lenders use to make informed lending decisions. The other choices do not align with the definition of LTV. For instance, the total cost of the property divided by the interest rate does not provide meaningful insight into the equity or risk associated with the loan. Similarly, the total amount the borrower can repay over the life of the loan does not factor in appraised values and is instead more indicative of cash flow.

4. What type of mortgage allows for properties to be purchased with minimal down payments and lower credit scores?

- A. Conventional mortgage
- B. FHA mortgage
- C. VA mortgage
- D. Bridge mortgage

A Federal Housing Administration (FHA) mortgage is designed specifically to help individuals who may have less-than-perfect credit and cannot afford a substantial down payment. One of the key benefits of an FHA mortgage is that it allows for down payments as low as 3.5% of the purchase price, making it accessible for first-time homebuyers and those with limited financial resources. Additionally, the FHA has more lenient credit score requirements compared to conventional loans, which often require higher credit scores for approval. This makes FHA loans a popular choice among buyers who may struggle to qualify for more traditional forms of financing. In contrast, conventional mortgages typically require larger down payments and higher credit scores, while VA mortgages, while offering favorable terms for veterans, still have specific eligibility requirements that may not apply to all borrowers. Bridge mortgages are a short-term financing option primarily used to fund the purchase of a new home before selling the existing one, and they do not inherently provide the same low down payment or credit score flexibility.

5. What is a loan modification?

- A. A restructuring of a loan's terms**
- B. An increase in loan amount
- C. A type of government grant
- D. A refinancing option

A loan modification refers specifically to a restructuring of a loan's terms, which can involve changes such as adjusting the interest rate, extending the loan term, or altering the payment schedule to make it more manageable for the borrower. This process is often initiated when a borrower is experiencing financial hardship and seeks to avoid defaulting on the loan. By modifying the terms, lenders aim to create a more sustainable payment plan that allows the borrower to continue making payments, thus reducing the risk of foreclosure. Unlike refinancing, which typically involves taking out a new loan to pay off the old one, a loan modification works within the existing loan framework to adjust the terms directly. The other options do not accurately describe what a loan modification entails: increasing the loan amount is related to a different scenario, such as a loan extension or additional borrowing; government grants do not pertain to loans but rather to need-based financial assistance; and while a refinancing option involves changing the structure of a loan, it is distinct from a loan modification in that it typically creates a new loan rather than amending the existing one.

6. Which federal law obliges loan originators to provide a Loan Estimate within three days of application?

- A. Truth in Lending Act
- B. Real Estate Settlement Procedures Act
- C. TILA-RESPA Integrated Disclosure**
- D. Fair Housing Act

The correct answer is the TILA-RESPA Integrated Disclosure (TRID), which is a regulation that was implemented to streamline the disclosure process for consumers and enhance transparency. Under this regulation, loan originators are mandated to provide a Loan Estimate to borrowers within three business days after they submit their mortgage application. This Loan Estimate outlines key loan terms and projected payments, as well as details about closing costs, helping borrowers to make informed decisions in a more timely manner. The Truth in Lending Act and the Real Estate Settlement Procedures Act, while related to consumer protection in lending and the real estate transaction process, do not specifically require the Loan Estimate to be provided within three days of application. Instead, these acts establish broad parameters for disclosure but do not integrate the requirements in the manner that TRID does. The Fair Housing Act focuses on preventing discrimination in housing and lending practices, which is a different area of consumer protection and does not pertain to the timing of loan estimates. Thus, TRID is specifically designed to ensure that borrowers receive crucial information about their loans early in the application process, promoting better understanding and enabling comparison-shopping amongst loan products.

7. What type of mortgage includes both real and personal property?

- A. A conventional mortgage
- B. A blanket mortgage
- C. A package mortgage**
- D. An adjustable-rate mortgage

A package mortgage is designed to encompass both real property, such as land and buildings, and personal property, which may include items like furniture, appliances, and other goods that can be included in a sale. This type of mortgage is particularly beneficial in situations where a borrower is purchasing a home that comes furnished or with other personal items. In real estate transactions, package mortgages simplify the financing process by allowing the buyer to secure one loan that covers all the elements of the purchase rather than having to seek separate financing for personal property. This can make the overall transaction more streamlined and appealing to buyers looking for a comprehensive solution. In contrast, other types of mortgages do not typically include both elements. A conventional mortgage primarily focuses on real estate without accounting for personal property. A blanket mortgage covers multiple properties or lots but does not necessarily include personal property. An adjustable-rate mortgage specifically refers to the interest rate structure on a loan but does not dictate the types of property included in the loan. Therefore, a package mortgage is the only option that correctly signifies the inclusion of both real and personal property.

8. Which regulatory body oversees mortgage lending practices in the U.S.?

- A. The Federal Housing Administration (FHA)
- B. The Securities and Exchange Commission (SEC)
- C. The Consumer Financial Protection Bureau (CFPB)**
- D. The Federal Reserve Bank

The Consumer Financial Protection Bureau (CFPB) is responsible for overseeing mortgage lending practices in the U.S. This agency was established to promote fair and transparent consumer financial markets, ensuring that borrowers are treated fairly by lenders. The CFPB enforces various laws related to mortgage lending, such as the Truth in Lending Act and the Real Estate Settlement Procedures Act, which are designed to protect borrowers from unfair, deceptive, or abusive practices. Furthermore, the CFPB conducts consumer education and provides resources to help individuals understand their mortgage options, rights, and responsibilities. It plays a crucial role in regulating mortgage servicers, monitoring their practices, and taking enforcement actions against those who violate consumer protection laws, thus maintaining the integrity of the mortgage market and building consumer trust. In contrast, the other listed agencies have different focuses; for instance, the Federal Housing Administration (FHA) primarily insures loans to promote home ownership, the Securities and Exchange Commission (SEC) regulates securities markets and protects investors, and the Federal Reserve Bank manages monetary policy and bank regulation but is not directly involved in mortgage lending practices.

9. What is a real estate investment trust (REIT)?

- A. A cooperative housing arrangement
- B. A company that finances income-producing real estate**
- C. A type of government housing program
- D. A personal property investment strategy

A real estate investment trust (REIT) is primarily defined as a company that finances income-producing real estate. It allows individual investors to earn a share of the income produced through commercial real estate ownership without actually having to buy, manage, or finance any properties themselves. REITs typically invest in various types of properties, such as apartments, office buildings, shopping malls, and hotels, and they generate revenue predominantly through leasing space and collecting rents on the properties they own. This structure not only provides liquidity, as shares in the REIT can often be traded on a stock exchange, but it also offers the benefit of diversification by pooling investor capital to invest in a broader range of properties than an individual investor might be able to afford on their own. In contrast, cooperative housing arrangements involve a different structure focused on member ownership and tangible living spaces, which is distinct from the investment model of a REIT. Similarly, government housing programs typically involve public agencies and social housing initiatives rather than investment in real estate for profit. Lastly, a personal property investment strategy relates more to direct ownership of individual assets rather than the collective investment model that REITs utilize. Thus, the definition of a REIT is best represented by its role as a financing entity focused on

10. What is a mortgage that does not require mortgage insurance but may have a higher interest rate?

- A. Conventional Mortgage**
- B. FHA Mortgage
- C. VA Mortgage
- D. Subprime Mortgage

A conventional mortgage is a type of mortgage that is not insured or guaranteed by the federal government, unlike FHA and VA loans, which are government-backed. One of the defining features of a conventional mortgage is that it can be obtained without the need for private mortgage insurance (PMI) if the borrower is able to make a down payment that meets certain criteria, typically 20% or more. However, when a lower down payment is made, lenders may require PMI to protect themselves against the risk of borrower default. In the scenario described, it is noted that a conventional mortgage may have a higher interest rate because it lacks the protections offered by government-insured loans. Higher interest rates can be a trade-off for borrowers who choose to avoid PMI or those who may not qualify for lower-rate government-backed loans. This flexibility allows conventional loans to cater to a wider range of borrowers, depending on their financial situation or down payment ability. The other options described—FHA, VA, and subprime mortgages—have different characteristics, including government backing and specific requirements that usually involve lower rates or insurance. FHA loans, for instance, typically require mortgage insurance regardless of the down payment size, and VA loans are exclusively for veterans with favorable terms and do not require mortgage

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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