

# Certified Lease & Finance Professional (CLFP) Class Practice Exam (Sample)

## Study Guide



**Everything you need from our exam experts!**

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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 Philadelphia Plan is primarily associated with which financing mechanism?**
  - A. 1700s railroads tracks only**
  - B. Finance from private investors for locomotives/cars**
  - C. Equipment trusts**
  - D. Precursor of conditional sale contract**
  
- 2. Which option is an influencer that could introduce prospects?**
  - A. Attorneys**
  - B. Banks**
  - C. CPAs**
  - D. Other leasing companies**
  
- 3. Which of the following is a documentation barrier commonly encountered in vendor relationships?**
  - A. Hold back**
  - B. Warranty extension**
  - C. Annual audit**
  - D. Service level agreement**
  
- 4. At-Risk in leasing means which?**
  - A. IRS Code**
  - B. Party Seeking Tax Benefit Must Retain Risk**
  - C. Need Skin In The Game**
  - D. Market Volatility Risk**
  
- 5. Which clause requires continued payments despite events like disasters or equipment failure?**
  - A. Force majeure excuses payments during events.**
  - B. Payments are required to continue regardless of disasters or interruptions.**
  - C. Lease ends if equipment fails.**
  - D. Taxes are deferred until after repairs.**

- 6. UCC Article 10 in California corresponds to which UCC Article?**
- A. Article 9**
  - B. Article 2A**
  - C. Article 3**
  - D. Article 4**
- 7. By when should a fixture filing be filed after installation?**
- A. Within 20 days**
  - B. Within 60 days**
  - C. Within 1 year**
  - D. Immediately upon installation**
- 8. What does AMT stand for?**
- A. Average Monthly Tax**
  - B. Advanced Minimum Tax**
  - C. Alternative Minimum Tax**
  - D. Automatic Mortgage Tax**
- 9. Which statement about acceptance in a lease is true?**
- A. Acceptance occurs when delivered**
  - B. Acceptance occurs at signing**
  - C. Acceptance occurs after inspection**
  - D. Acceptance is not defined in the lease**
- 10. When evaluating financials, which type of statements is it sensible to also require tax returns?**
- A. compiled and reviewed**
  - B. audited**
  - C. unaudited**
  - D. none**

## Answers

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

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## **Explanations**

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**1. The Philadelphia Plan is primarily associated with which financing mechanism?**

- A. 1700s railroads tracks only**
- B. Finance from private investors for locomotives/cars**
- C. Equipment trusts**
- D. Precursor of conditional sale contract**

The Philadelphia Plan is a classic example of using an equipment trust to finance railroad rolling stock. In this approach, locomotives and cars are placed into a trust, a trustee issues certificates to investors, and the railroad (the user) leases the equipment from the trust. The rent payments from the lessee fund the interest and principal on the trust certificates, with the equipment serving as collateral. This structure isolates risk for investors and provides a steady financing stream for the railroad's equipment needs. It's specifically about financing locomotives and cars through a trust-backed instrument, not just tracks or a simple private loan, and it isn't a precursor to a conditional sale contract.

**2. Which option is an influencer that could introduce prospects?**

- A. Attorneys**
- B. Banks**
- C. CPAs**
- D. Other leasing companies**

The main concept being tested is identifying an influencer—the type of relationship that can bring in potential lessees to a leasing company. Banks are an influencer because business customers seeking financing often have an ongoing relationship with a bank and may be steered toward leasing as an option for acquiring equipment. The bank can recognize the client's need, pre-qualify financing, and directly introduce them to a leasing provider as a complementary financing solution, making them a natural source of new prospects. Attorneys and CPAs influence decisions through legal and tax considerations, but they aren't typically the most direct channels that generate new lease leads. Other leasing companies are competitors, not referral sources.

**3. Which of the following is a documentation barrier commonly encountered in vendor relationships?**

- A. Hold back**
- B. Warranty extension**
- C. Annual audit**
- D. Service level agreement**

In vendor relationships, documentation barriers arise when essential paperwork is withheld or not provided promptly, which slows or stops the process. Holding back required documents directly creates that barrier by preventing onboarding, approvals, payments, or service activation from moving forward. For example, delaying or not supplying insurance certificates, tax forms, contract amendments, or lien waivers keeps the vendor relationship from progressing because the necessary compliance or verification steps aren't completed. That's why the option describing withholding required documentation is the best fit. A warranty extension is about extra coverage, not about blocking processes with paperwork. An annual audit is an event that involves reviewing records, not inherently a barrier, though it can generate documentation requests. A service level agreement defines performance standards and responsibilities, not the act of withholding documents.

**4. At-Risk in leasing means which?**

- A. IRS Code**
- B. Party Seeking Tax Benefit Must Retain Risk**
- C. Need Skin In The Game**
- D. Market Volatility Risk**

At-risk rules focus on how much economic stake you actually have in the leasing activity. The key idea is that the deductions or tax benefits you claim from a lease can't exceed the amount you have at risk in that deal. In leasing, that means the person who is claiming the tax benefits must bear meaningful economic risk—through cash invested, adjusted basis in the leased asset, and any debt for which they are personally responsible. If the structure shifts most or all of the risk to someone else, the amount you can deduct is limited by the at-risk rules. That's why the correct concept is that the party seeking the tax benefit must retain risk. The other choices don't describe this rule: the IRS Code is too broad a label, market volatility risk isn't the tax-at-risk concept, and "skin in the game" is a colloquial phrase rather than the precise rule.

**5. Which clause requires continued payments despite events like disasters or equipment failure?**

**A. Force majeure excuses payments during events.**

**B. Payments are required to continue regardless of disasters or interruptions.**

**C. Lease ends if equipment fails.**

**D. Taxes are deferred until after repairs.**

In a lease, there can be a covenant that keeps the rent coming no matter what happens to the equipment or due to a disaster. This kind of provision ensures the lessor receives the expected payments even if the asset is damaged or operations are interrupted. Force majeure would typically excuse performance during such events, not require it, so it doesn't fit. A clause that ends the lease if the equipment fails would stop payments, not continue them, and deferring taxes has nothing to do with continuing rent. So the statement that payments are required to continue regardless of disasters or interruptions best matches the concept being tested.

**6. UCC Article 10 in California corresponds to which UCC Article?**

**A. Article 9**

**B. Article 2A**

**C. Article 3**

**D. Article 4**

Leases of goods are governed by a dedicated portion of the UCC, and in California that topic is codified as Article 10. This content mirrors the UCC Article 2A, which is the article that covers leases of goods across most jurisdictions. Article 2A sets out how leases are formed, the rights and duties of lessees and lessors, remedies for default, and related terms. The other articles cover different areas—Article 9 focuses on secured transactions, Article 3 on negotiable instruments, and Article 4 on bank deposits and collections—so the lease-focused article in California maps directly to Article 2A. Therefore, the corresponding UCC Article is Article 2A.

**7. By when should a fixture filing be filed after installation?**

**A. Within 20 days**

**B. Within 60 days**

**C. Within 1 year**

**D. Immediately upon installation**

When a security interest covers items that become fixtures, you must perfect that interest by filing in the real property records. The required timing is within 20 days after the fixture is installed or becomes affixed. This 20-day window protects the secured party's priority against later claims or liens on the property. Filing outside that window can jeopardize perfection and priority. The other timeframes don't fit the rule: 60 days and 1 year exceed the permitted window, and while filing promptly is good practice, the rule specifies a 20-day deadline rather than an immediate filing.

## 8. What does AMT stand for?

- A. Average Monthly Tax
- B. Advanced Minimum Tax
- C. Alternative Minimum Tax**
- D. Automatic Mortgage Tax

AMT is a separate tax calculation designed to ensure a minimum amount of tax is paid. It stands for Alternative Minimum Tax. It applies when standard tax computations with many deductions would result in little or no tax, so the AMT uses its own set of rules, exemptions, and rates and may disallow or limit certain deductions. The other options aren't real tax terms: Average Monthly Tax and Automatic Mortgage Tax aren't recognized concepts, and Advanced Minimum Tax isn't used in tax practice. So, the meaning of AMT is Alternative Minimum Tax.

## 9. Which statement about acceptance in a lease is true?

- A. Acceptance occurs when delivered**
- B. Acceptance occurs at signing
- C. Acceptance occurs after inspection
- D. Acceptance is not defined in the lease

Acceptance happens when the asset is delivered and the lessee takes possession and control. That moment marks when the right to use the asset transfers, and the lease term effectively begins. Signing the lease is simply agreeing to the contract terms, not accepting the asset itself. An inspection can happen to verify condition, but it doesn't by itself constitute acceptance unless the asset is delivered and meets the agreed terms. If the asset isn't delivered as agreed, acceptance wouldn't occur until any needed remedies are completed, or rejection is resolved. So, the true statement is that acceptance occurs when delivered.

## 10. When evaluating financials, which type of statements is it sensible to also require tax returns?

- A. compiled and reviewed**
- B. audited
- C. unaudited
- D. none

Cross-checking financials with tax returns adds a valuable corroboration. Tax returns reveal what was reported to tax authorities, including income, deductions, and potential liabilities that can differ from GAAP-based figures due to timing differences or tax planning. When the financial statements are only compiled or reviewed, the level of assurance is limited or moderate, so having the tax returns provides an extra checkpoint to verify revenue and expenses before making a leasing decision. Audited statements already come with a higher level of verification, so while tax returns can still be informative, they're not as necessary for verification purposes. None of the other options offers as practical an added corroboration as pairing tax returns with non-audit financial statements.

## 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](mailto:hello@examzify.com).**

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

**<https://clfpclass.examzify.com>**

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

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