

CFPB Mortgage Compliance Training (MCT) 3 Practice Test (Sample)

Study Guide



Everything you need from our exam experts!

Copyright © 2026 by Examzify - A Kaluba Technologies Inc. product.

ALL RIGHTS RESERVED.

No part of this book may be reproduced or transferred in any form or by any means, graphic, electronic, or mechanical, including photocopying, recording, web distribution, taping, or by any information storage retrieval system, without the written permission of the author.

Notice: Examzify makes every reasonable effort to obtain accurate, complete, and timely information about this product from reliable sources.

SAMPLE

Table of Contents

Copyright	1
Table of Contents	2
Introduction	3
How to Use This Guide	4
Questions	5
Answers	8
Explanations	10
Next Steps	16

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

- 1. What is the impact of the repeal of the Appraisal Protection Rule?**
 - A. Improved accuracy in appraisal practices**
 - B. Increased difficulty in consumer protection from misleading appraisal practices**
 - C. Lower costs for consumers on mortgage transactions**
 - D. Enhanced transparency in the appraisal process**
- 2. What does TILA prohibit?**
 - A. Issuance of credit cards in response to an application.**
 - B. Unsolicited issuance of credit cards.**
 - C. Issuance of renewal cards for previously accepted accounts.**
 - D. Issuing credit cards only if there's a request from the consumer.**
- 3. What are the typical features of a conventional mortgage?**
 - A. Government backing and adjustable interest rates**
 - B. Fixed or adjustable interest rates, no government backing, and typically requires private mortgage insurance if the down payment is less than 20%**
 - C. No PMI requirement and flexible loan terms**
 - D. High interest rates and no down payment**
- 4. According to Regulation B, which of the following actions constitutes an adverse action?**
 - A. Refusing to grant credit in the same amount requested.**
 - B. Changing the terms of an ongoing account.**
 - C. Requesting additional information from a borrower.**
 - D. Granting a loan with different terms than requested.**
- 5. What is "foreclosure"?**
 - A. The procedure for modifying a loan's terms**
 - B. A method for assessing property value**
 - C. The legal process of a lender taking possession of a property**
 - D. A strategy to assist borrowers with late payments**

- 6. Are checks written by Smith and Wesson Attorneys at Law on their account considered covered transactions?**
- A. Covered transaction**
 - B. Non-covered transaction**
- 7. What is considered a "business day" under TRID rules?**
- A. Any day the borrower finds suitable**
 - B. Any day the lender's office is open to the public**
 - C. Weekdays excluding holidays**
 - D. All days including weekends and holidays**
- 8. Which of the following is an obligation of the remittance provider when a transfer is executed?**
- A. Notify the sender of fees incurred**
 - B. Provide a receipt**
 - C. Ensure the transfer is completed within 24 hours**
 - D. Refunding fees if the transfer fails**
- 9. What does a FICO score represent?**
- A. A measure of a borrower's income**
 - B. A credit score that helps lenders determine a borrower's creditworthiness**
 - C. The total debt of a borrower**
 - D. A rating of a borrower's financial stability**
- 10. A credit card holder can dispute a billing error under the FCBA within how many days of the billing date?**
- A. 45 days**
 - B. 60 days**
 - C. 75 days**
 - D. 90 days**

Answers

SAMPLE

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

SAMPLE

Explanations

SAMPLE

1. What is the impact of the repeal of the Appraisal Protection Rule?

- A. Improved accuracy in appraisal practices
- B. Increased difficulty in consumer protection from misleading appraisal practices**
- C. Lower costs for consumers on mortgage transactions
- D. Enhanced transparency in the appraisal process

The repeal of the Appraisal Protection Rule has a significant impact on consumer protection, particularly concerning misleading appraisal practices. With the rule in place, there were specific guidelines and safeguards to ensure that appraisals were conducted fairly and without bias, safeguarding consumers from inflated values or other misleading practices. Once this rule was repealed, consumers found it more challenging to have effective protections against potential exploitation or misrepresentation by appraisers. The absence of those protective measures may lead to situations where consumers could be subjected to unfair appraisal practices, such as lower-quality appraisals that do not reflect the true value of a property. This could result in consumers overpaying for homes based on inaccurate appraisals, ultimately affecting their financial decisions and stability. Moreover, the other options reflect potential benefits that would generally be expected from regulations rather than the reality that exists post-repeal. For instance, while improving accuracy and transparency in appraisal practices would be positive outcomes, the repeal of the rule does not inherently lead to such improvements. Instead, the more pronounced risk is the diminished consumer protections, which is why recognizing the impact highlighted in the chosen answer is critical for understanding the implications of regulatory changes in the mortgage industry.

2. What does TILA prohibit?

- A. Issuance of credit cards in response to an application.
- B. Unsolicited issuance of credit cards.**
- C. Issuance of renewal cards for previously accepted accounts.
- D. Issuing credit cards only if there's a request from the consumer.

The Truth in Lending Act (TILA) includes provisions aimed at protecting consumers from certain practices related to credit. One significant aspect of TILA is its prohibition against the unsolicited issuance of credit cards. This means that credit card issuers cannot send out credit cards to consumers without prior request or consent. This provision is designed to prevent consumers from being placed in a situation where they receive credit cards that they did not want or request, which could lead to unintentional debt accumulation or identity theft. By prohibiting unsolicited credit card issuance, TILA ensures that consumers have the agency to actively request credit rather than receiving it passively, which reflects a broader goal of promoting transparency and informed consent in credit transactions. This helps reinforce the importance of consumer awareness and control over their financial decisions, aligning with TILA's objective of enhancing consumer protection in lending practices.

3. What are the typical features of a conventional mortgage?

- A. Government backing and adjustable interest rates
- B. Fixed or adjustable interest rates, no government backing, and typically requires private mortgage insurance if the down payment is less than 20%**
- C. No PMI requirement and flexible loan terms
- D. High interest rates and no down payment

Conventional mortgages are defined by their lack of government backing and the options available for interest rates. They can have either fixed or adjustable interest rates, which gives borrowers the flexibility to choose a plan that best fits their financial situation. One key feature is that a conventional mortgage typically requires private mortgage insurance (PMI) if the down payment is less than 20%. This insurance protects the lender in case the borrower defaults on the loan, making conventional mortgages a riskier proposition for lenders when the down payment is low. The absence of government backing distinguishes conventional loans from other mortgage types like FHA or VA loans, which do have government support. In contrast, mortgage options that are described with government backing, such as those with adjustable interest rates or no requirement for PMI, do not accurately depict conventional mortgages. Similarly, options that suggest high interest rates and no down payment fail to align with the standard characteristics of conventional loans. These factors combined clearly illustrate why the selection regarding fixed or adjustable rates, lack of government backing, and the PMI requirement under specific conditions represents the true essence of a conventional mortgage.

4. According to Regulation B, which of the following actions constitutes an adverse action?

- A. Refusing to grant credit in the same amount requested.**
- B. Changing the terms of an ongoing account.
- C. Requesting additional information from a borrower.
- D. Granting a loan with different terms than requested.

Regulation B, which implements the Equal Credit Opportunity Act (ECOA), defines an adverse action in the context of credit transactions. The correct choice, which involves refusing to grant credit in the same amount requested, clearly fits within this definition. When a lender denies a request for credit as it was originally proposed, it is a significant action that directly affects the borrower's ability to obtain the credit they sought. This refusal signifies a negative outcome for the applicant, categorizing it as an adverse action. Other choices refer to scenarios that may not necessarily qualify as adverse actions under Regulation B. For instance, changing the terms of an ongoing account or granting a loan with different terms may indicate a willingness to continue the lending relationship, albeit under altered conditions. Requesting additional information from a borrower does not in itself represent a denial or modification of credit terms, but rather indicates an ongoing assessment of the borrower's application. Therefore, these actions do not meet the standard for adverse actions as they do not directly restrict access to credit as defined in the regulation.

5. What is "foreclosure"?

- A. The procedure for modifying a loan's terms
- B. A method for assessing property value
- C. The legal process of a lender taking possession of a property**
- D. A strategy to assist borrowers with late payments

Foreclosure is accurately defined as the legal process by which a lender takes possession of a property when the borrower fails to meet their mortgage repayment obligations. This process typically occurs after the borrower has defaulted on the loan, leading the lender to initiate legal action to reclaim the property used as collateral for the mortgage. The foreclosure process allows the lender to auction the property or sell it to recover outstanding debts. This definition distinguishes foreclosure from other concepts related to mortgages. Modifying a loan's terms is aimed at making the loan more manageable for the borrower, assessing property value focuses on determining how much a property is worth in the current market, and strategies to assist borrowers with late payments are designed to help individuals avoid default. All these processes aim to maintain the borrower's ability to keep their home, whereas foreclosure represents the transition to losing possession of the property due to non-payment.

6. Are checks written by Smith and Wesson Attorneys at Law on their account considered covered transactions?

- A. Covered transaction
- B. Non-covered transaction**

Checks written by Smith and Wesson Attorneys at Law on their account are considered non-covered transactions because they pertain to business activities rather than individual consumer transactions. Covered transactions are generally those that involve consumer credit or loans, which are subject to specific regulations under the Consumer Financial Protection Bureau (CFPB) guidelines. In this case, the nature of the checks—stemming from a law firm's business account—means they do not fall under the category of transactions that are monitored or regulated in the same way as personal consumer transactions conducted by individuals. This distinction emphasizes the CFPB's focus on transactions that directly impact consumer credit and protect consumers from potential unfair practices in lending. Hence, transactions involving business accounts or entities like law firms are categorized differently in compliance training contexts.

7. What is considered a "business day" under TRID rules?

- A. Any day the borrower finds suitable
- B. Any day the lender's office is open to the public**
- C. Weekdays excluding holidays
- D. All days including weekends and holidays

Under TRID (TILA-RESPA Integrated Disclosure) rules, a "business day" is defined as any day the lender's office is open to the public for conducting regular business. This includes the days when the institution is officially operational and available for customer service, which typically excludes weekends and federal holidays. The practical implication of this definition is significant in the mortgage process as various timing requirements, such as those for providing disclosures and completing certain actions, depend on this designation of business days. Therefore, understanding that a business day revolves around the lender's operational calendar helps ensure compliance with the timing requirements set forth under TRID regulations.

8. Which of the following is an obligation of the remittance provider when a transfer is executed?

- A. Notify the sender of fees incurred**
- B. Provide a receipt**
- C. Ensure the transfer is completed within 24 hours**
- D. Refunding fees if the transfer fails**

A remittance provider has the obligation to provide a receipt when a transfer is executed as part of the regulatory requirements set forth for remittance transfers. This receipt serves as a confirmation of the transaction and includes important details such as the amount transferred, the exchange rate (if applicable), and any fees charged. It is crucial for keeping the sender informed about the transfer and can be used for record-keeping purposes. Providing a receipt is not only a standard practice but also enhances transparency and trust between the provider and the sender, ensuring that the sender has all the necessary information regarding their transaction. While notifying the sender of fees incurred is important, it is typically required at the time of the transaction initiation rather than solely post-transfer. The 24-hour completion guarantee may not universally apply to all transactions depending on various factors such as the nature of the transfer and the recipient's location. Lastly, refunding fees in the event of a transfer failure is not a standard obligation for remittance providers; they may have specific policies regarding this, but it is not universally mandated. Thus, the obligation to provide a receipt stands as a clear and necessary requirement following the execution of a remittance transfer.

9. What does a FICO score represent?

- A. A measure of a borrower's income**
- B. A credit score that helps lenders determine a borrower's creditworthiness**
- C. The total debt of a borrower**
- D. A rating of a borrower's financial stability**

A FICO score is a crucial metric in the lending process, as it serves as a credit score that lenders use to assess a borrower's creditworthiness. This score is derived from the borrower's credit report, which includes data on their credit history, payment patterns, and overall debt management. A higher FICO score generally indicates a lower risk for lenders, suggesting that the borrower is more likely to repay their debts on time. This score plays a vital role in determining the terms of a loan, such as interest rates and approval likelihood. In the context of the other options, the measure of a borrower's income is not represented by a FICO score; rather, lenders consider income separately when evaluating loan applications. The total debt of a borrower is also not the same as a FICO score, although it can influence the score; the FICO score reflects how well a borrower manages their debt rather than just the amount owed. Lastly, a rating of a borrower's financial stability encompasses broader financial factors beyond just credit, whereas the FICO score is specifically focused on credit behavior and risk assessment.

10. A credit card holder can dispute a billing error under the FCBA within how many days of the billing date?

- A. 45 days**
- B. 60 days**
- C. 75 days**
- D. 90 days**

The correct answer is that a credit card holder can dispute a billing error under the Fair Credit Billing Act (FCBA) within 60 days of the billing date. This timeframe is crucial as it ensures that consumers have adequate time to review their statements and identify any discrepancies. The 60-day window starts from the date the statement is mailed or delivered to the consumer. Understanding this timeframe is important for consumers as it delineates their rights and the necessary steps they should take to address any disputed charges effectively. If a billing error is reported within this period, it triggers the creditor's obligation to investigate the claim, ensuring protection for the consumer against unauthorized or incorrect charges. The other options reflect longer periods that do not align with the requirements set forth by the FCBA, which specifies the 60-day limit as a key aspect for initiating a dispute process.

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://cfpbmct3.examzify.com>

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