

CFPB MORTGAGE COMPLIANCE TRAINING (MCT) 3 PRACTICE TEST (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. What method can a consumer use to sign up for overdraft protection?**
 - A. A form to fill out and mail in or drop off
 - B. A telephone number to call
 - C. A form on a website with a checkbox
 - D. All of the above

- 2. Which of the following is a duty of a mortgage servicer when a borrower is paying as agreed?**
 - A. Receiving and posting payments
 - B. Boarding new loans on the servicing system
 - C. Providing customer statements
 - D. All of the above

- 3. Which is NOT likely a consequence of a minor, first-time TISA violation?**
 - A. The violation is mentioned in an examination report
 - B. Examiners scrutinize your institution for repeat violations during the next examination
 - C. Regulators issue a cease and desist order and assess civil money penalty
 - D. Bank management requires additional training and/or changes in some policies and procedures

- 4. Which agency plays a crucial role in overseeing compliance with mortgage regulations?**
 - A. The Consumer Financial Protection Bureau
 - B. The Federal Housing Administration
 - C. The National Credit Union Administration
 - D. The Office of the Comptroller of the Currency

- 5. Which statement accurately reflects what creditors can consider when evaluating loan applications?**
 - A. Creditors may consider if someone is going to have a child or not.
 - B. Creditors can use someone's age as a negative factor.
 - C. Creditors must evaluate married and unmarried applicants by the same standards.
 - D. Creditors can use the lack of a telephone listing as a negative factor.

- 6. What type of discrimination occurs when a lender refuses to lend to an applicant based on their ethnicity?**
- A. Disparate Treatment
 - B. No Discrimination
 - C. Disparate Impact
 - D. Overt
- 7. 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.
- 8. When is it permissible for a creditor to consider children as a part of the loan evaluation?**
- A. When the loan is to be secured.
 - B. It is never permissible.
 - C. When the applicant provides information regarding dependents.
 - D. When the applicant has publicly stated they are having children.
- 9. What is the purpose of the Loan Originator Compensation Rule?**
- A. To enhance compensation for loan originators
 - B. To encourage competition among lenders
 - C. To prohibit certain payment practices that could lead to unfair lending
 - D. To simplify the loan application process
- 10. If Jane Smith loses her credit card and reports it two days later, what is her liability for unauthorized charges?**
- A. \$60 for unauthorized charges made before the card was reported lost.
 - B. \$50 for unauthorized charges made on the day after the card was reported.
 - C. \$100 for all unauthorized charges made after the card was lost.
 - D. \$0 for unauthorized charges made after reporting the loss.

Answers

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

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Explanations

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1. What method can a consumer use to sign up for overdraft protection?

- A. A form to fill out and mail in or drop off
- B. A telephone number to call
- C. A form on a website with a checkbox

D. All of the above

A consumer can sign up for overdraft protection through various methods to ensure accessibility and convenience. Each option provided serves as a valid means for individuals to enroll in the service. Using a form to fill out and either mail in or drop off allows consumers who prefer traditional methods to apply in person or through the postal service. This is particularly beneficial for those who may not have reliable internet access or prefer dealing with paperwork directly. Calling a designated telephone number to enroll provides a straightforward, personal touch. This method is useful for consumers who might have questions or prefer to speak directly with a representative to understand the terms and requirements associated with overdraft protection. Additionally, an online form that includes a checkbox simplifies the sign-up process for tech-savvy consumers who are comfortable navigating websites. It allows for instant enrollment without the need for mailing documents or waiting on hold. Collectively, these methods emphasize the importance of providing multiple options for consumer convenience and accessibility in signing up for financial services like overdraft protection. Each method caters to varying consumer preferences, making the process inclusive and user-friendly.

2. Which of the following is a duty of a mortgage servicer when a borrower is paying as agreed?

- A. Receiving and posting payments
- B. Boarding new loans on the servicing system
- C. Providing customer statements

D. All of the above

A mortgage servicer has several key responsibilities related to managing the loan's lifecycle, particularly while a borrower is in good standing and paying as agreed. One of the primary duties is receiving and posting payments accurately, which ensures that the borrower's account reflects their payments promptly, maintaining transparency and accuracy in the payment history. In addition, the servicer is responsible for boarding new loans onto their servicing system. This process includes inputting all relevant data about the loan to ensure proper management moving forward, which is essential for monitoring the loan's performance and managing ongoing communication with the borrower. Providing customer statements is another significant duty. These statements offer borrowers a clear view of their payment history, remaining balance, and any fees or charges incurred over time. Effective communication through regular statements aids in fostering a good relationship between the borrower and the servicer, as borrowers appreciate transparency regarding their financial commitments. All these duties contribute to a smooth servicing experience for borrowers who are current on their payments, fulfilling the servicer's role in managing the loan effectively and supporting the borrower. Thus, the correct choice encompasses all these responsibilities, highlighting the comprehensive nature of a servicer's role in ensuring that operations run smoothly while the borrower maintains their payment schedule.

3. Which is NOT likely a consequence of a minor, first-time TISA violation?

- A. The violation is mentioned in an examination report
- B. Examiners scrutinize your institution for repeat violations during the next examination
- C. Regulators issue a cease and desist order and assess civil money penalty**
- D. Bank management requires additional training and/or changes in some policies and procedures

The correct answer is that regulators issuing a cease and desist order and assessing a civil money penalty is not likely a consequence of a minor, first-time TISA (Truth in Savings Act) violation. Typically, minor, first-time violations are treated with a focus on education and correction rather than punitive measures. Regulators usually aim to ensure compliance and may employ a more lenient approach for first-time infractions, especially when they are deemed minor. The focus is often on helping institutions improve their practices rather than imposing severe penalties. A cease and desist order, which essentially forces a financial institution to stop certain actions, and civil monetary penalties are usually reserved for more serious violations or repeated offenses rather than minor, one-time incidents. In contrast, the other consequences listed are more likely outcomes. Reporting a violation in an examination report allows for transparency and ensures that the institution is aware of the infraction and can take steps to correct it. Increased scrutiny during future examinations is also a common practice, allowing regulators to monitor the institution for compliance and prevent recurrence of violations. Additionally, requiring additional training or changes in policies and procedures helps the institution enhance its compliance culture, fostering a proactive approach to regulatory requirements.

4. Which agency plays a crucial role in overseeing compliance with mortgage regulations?

- A. The Consumer Financial Protection Bureau**
- B. The Federal Housing Administration
- C. The National Credit Union Administration
- D. The Office of the Comptroller of the Currency

The Consumer Financial Protection Bureau (CFPB) is the agency mandated with overseeing compliance with mortgage regulations. Established in response to the financial crisis of 2008, the CFPB's primary mission is to protect consumers in the financial sector, ensuring that lenders and other financial institutions adhere to the law, particularly in areas like lending and mortgage practices. The CFPB's role includes enforcing regulations that protect consumers from unfair, deceptive, or abusive practices in mortgage lending, conducting rulemaking, and monitoring compliance across the industry. This distinct focus on consumer protection, combined with its authority to regulate and supervise the practices of various financial entities, solidifies its position as the key agency for overseeing mortgage regulations. While the other agencies mentioned have important roles within the financial system—such as insuring loans, regulating credit unions, or overseeing banking institutions—the CFPB specifically targets consumer protection in mortgage lending, making it the appropriate choice.

5. Which statement accurately reflects what creditors can consider when evaluating loan applications?

- A. Creditors may consider if someone is going to have a child or not.
- B. Creditors can use someone's age as a negative factor.
- C. Creditors must evaluate married and unmarried applicants by the same standards.**
- D. Creditors can use the lack of a telephone listing as a negative factor.

The statement that creditors must evaluate married and unmarried applicants by the same standards accurately reflects the principles set forth in the Equal Credit Opportunity Act (ECOA). This law mandates that all credit applicants be treated equitably, regardless of their marital status. This means that lenders cannot discriminate against an applicant based on whether they are married or single, ensuring a level playing field in the loan evaluation process. The emphasis on consistent evaluation standards helps prevent discriminatory practices and promotes fair lending. This is vital for maintaining trust in the lending system and ensuring that all individuals, regardless of their marital situation, have equal access to credit opportunities. Therefore, this statement upholds the legal and ethical obligations of creditors within the mortgage industry.

6. What type of discrimination occurs when a lender refuses to lend to an applicant based on their ethnicity?

- A. Disparate Treatment
- B. No Discrimination
- C. Disparate Impact
- D. Overt**

The correct choice in this context is "Disparate Treatment." This concept refers specifically to instances where an individual is treated less favorably than others based on a protected characteristic, such as ethnicity. In the scenario where a lender refuses to lend to an applicant solely because of their ethnicity, it represents a clear case of disparate treatment as it involves direct discrimination against the applicant based on their racial or ethnic background. Disparate impact, which is another choice, refers to policies or practices that may appear neutral but result in a discriminatory effect on a group protected by law. However, the scenario described does not involve a neutral practice that adversely affects a group's outcome; it is a direct refusal based on ethnicity. While overt discrimination also involves explicit actions of bias, including refusing to lend based on ethnicity, the legal term most frequently used in training regarding discrimination in lending practices is disparate treatment. Thus, understanding these terms helps clarify the nature of discriminatory practices in lending and their legal implications.

7. 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.

8. When is it permissible for a creditor to consider children as a part of the loan evaluation?

- A. When the loan is to be secured.
- B. It is never permissible.**
- C. When the applicant provides information regarding dependents.
- D. When the applicant has publicly stated they are having children.

The accurate understanding of the loan evaluation process under the Equal Credit Opportunity Act (ECOA) is essential in determining when it is acceptable for a creditor to consider children in their evaluation. The answer indicating that it is never permissible aligns with ECOA's prohibition against discrimination based on familial status. Crediting applicants for having children in the evaluation process could lead to discriminatory practices, potentially impacting their ability to secure financing based solely on their family situation. In loan evaluations, creditors are expected to focus on the financial qualifications of the applicant rather than personal attributes such as family size. Including children in evaluation criteria could lead to biased decisions, ensuring that all applicants are treated equally regardless of their familial circumstances. This principle reinforces the idea that decisions should be based on financial capability and creditworthiness rather than factors that could introduce bias related to family dynamics.

9. What is the purpose of the Loan Originator Compensation Rule?

- A. To enhance compensation for loan originators
- B. To encourage competition among lenders
- C. To prohibit certain payment practices that could lead to unfair lending**
- D. To simplify the loan application process

The purpose of the Loan Originator Compensation Rule is to prohibit certain payment practices that could lead to unfair lending. This rule, part of the Dodd-Frank Act, was established to ensure that loan originators do not receive compensation that varies based on the terms of the loan, such as interest rates or fees. This is particularly important because varying compensation structures can create conflicts of interest, where loan originators might be incentivized to steer borrowers toward more expensive loans, ultimately leading to unfair lending practices that can harm consumers. By prohibiting these types of payment practices, the rule aims to promote fairness and transparency in the mortgage lending process. It helps to ensure that loan originators act in the best interests of their clients instead of aligning their interests with higher loan costs. This fosters a more ethical lending environment and seeks to protect consumers from potential exploitation.

10. If Jane Smith loses her credit card and reports it two days later, what is her liability for unauthorized charges?

- A. \$60 for unauthorized charges made before the card was reported lost.
- B. \$50 for unauthorized charges made on the day after the card was reported.**
- C. \$100 for all unauthorized charges made after the card was lost.
- D. \$0 for unauthorized charges made after reporting the loss.

The correct answer is rooted in the regulations established by the Fair Credit Billing Act (FCBA), which protects consumers who report lost or stolen credit cards. When a credit card is reported lost, the cardholder's liability for unauthorized charges is specifically limited. In this scenario, Jane reported her lost credit card two days after losing it. According to the provisions of the FCBA, if she reports the card lost before any unauthorized charges are made, she will not be liable for those charges. However, if unauthorized charges occur before she reports the loss, she could be responsible for them up to a specific amount. For unauthorized charges made on the day after the card is reported (the first day after), the liability is capped at \$50. Since Jane reported the card two days after it was lost, any unauthorized charges made on that day are typically considered her responsibility up to that limit. However, once she has reported it lost, she has no liability for any fraudulent charges incurred after that report. This context leads to the conclusion that Jane would ideally have \$0 liability for unauthorized charges made after she reported the card lost, making that answer substantially more favorable than the others. Thus, initially reporting the loss of her card in a timely manner effectively minimizes her

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!

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