

# CLFP Collections 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. In Tax Collections, which flow option describes payment responsibility?**
  - A. Lessor may contact lessee and have them pay directly.**
  - B. Lessor may pay tax and then contact lessee for payment after proof of payment**
  - C. Tax is never collected**
  - D. Lessee pays tax to third party**
  
- 2. Which range of years is cited as a historical reference to prior bankruptcy legislation in the material?**
  - A. 1898 to 1938**
  - B. 1978 to 1994**
  - C. 1994 to 2000**
  - D. 1950 to 1960**
  
- 3. Which method measures the roll of delinquency—whether it is increasing or decreasing?**
  - A. Static pool - measures origination and delinquency.**
  - B. Roll rates - measures the roll of delinquency - increasing or decreasing.**
  - C. Annualized charge offs.**
  - D. Net promoter score.**
  
- 4. When does automatic stay take effect in a bankruptcy filing?**
  - A. From date of filing**
  - B. Upon court order after petition**
  - C. Immediately after filing date but not served**
  - D. Upon creditor consent**
  
- 5. Which option best describes when forbearance is used?**
  - A. It provides breathing room for the lessee.**
  - B. It transfers payments to a new party.**
  - C. It terminates the lease.**
  - D. It increases the payment amount due immediately.**

- 6. Which statement is a legal consideration in collection efforts?**
- A. Must knowledgeable about collection laws.**
  - B. Remain within collection laws.**
  - C. Prohibited from harass, oppress or abuse.**
  - D. Should work with an attorney who knows leasing law.**
- 7. Debtor can file a Chapter 11 plan by how many days?**
- A. 120 days**
  - B. 90 days**
  - C. 180 days**
  - D. 365 days**
- 8. During an automatic stay, can collectors contact the lessee?**
- A. Without Authorization**
  - B. Only If Authorized by an Attorney**
  - C. Not At All**
  - D. Only After 30 Days**
- 9. What governs bankruptcy?**
- A. National Bankruptcy Act 1898 to 1938**
  - B. US Constitution**
  - C. Modified by Title 1 US Code of Bankruptcy**
  - D. Bankruptcy Act of 1994**
- 10. In Residual Collections, which factor can diminish residual FMV?**
- A. The lessee's payment history**
  - B. Low demand in the market**
  - C. Cost of repossession may diminish residual FMV**
  - D. Increasing interest rates**

## Answers

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

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## **Explanations**

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**1. In Tax Collections, which flow option describes payment responsibility?**

- A. Lessor may contact lessee and have them pay directly.**
- B. Lessor may pay tax and then contact lessee for payment after proof of payment**
- C. Tax is never collected**
- D. Lessee pays tax to third party**

In tax collection flows for a lease, who is obligated to pay the tax is the key idea. The option where the lessor contacts the lessee and has them pay directly assigns the tax payment obligation to the lessee—the lessee is responsible for remitting the tax to the tax authority (or designated recipient) and the lessor simply facilitates the process by directing the payment. This setup keeps the flow simple and aligns with the common practice that the entity using or leasing the asset bears the tax burden and pays it directly. The other options describe less typical or impractical arrangements. If the lessor pays the tax and then seeks reimbursement after proof of payment, the lessor would be bearing the tax upfront and the lessee would be paying back, which blurs the payment responsibility. Saying the tax is never collected contradicts how taxes are typically handled in leases. Having the lessee pay the tax to a third party adds an extra intermediary and does not reflect the straightforward responsibility assignment described in the chosen flow.

**2. Which range of years is cited as a historical reference to prior bankruptcy legislation in the material?**

- A. 1898 to 1938**
- B. 1978 to 1994**
- C. 1994 to 2000**
- D. 1950 to 1960**

The concept being tested is recognizing a historical reference range that marks the early period of bankruptcy law before later reforms. The material points to the late 19th and early 20th century, specifically the year the first comprehensive federal bankruptcy statute was enacted (1898) and the major changes that followed up to 1938. This means the range 1898 to 1938 is used to frame the era of prior bankruptcy legislation, distinguishing it from later reform periods. The other ranges cover times after this foundational period, so they don't match the historical reference described.

**3. Which method measures the roll of delinquency—whether it is increasing or decreasing?**

**A. Static pool - measures origination and delinquency.**

**B. Roll rates - measures the roll of delinquency - increasing or decreasing.**

**C. Annualized charge offs.**

**D. Net promoter score.**

Roll rates capture how accounts move through delinquency stages over time, showing whether delinquency is increasing or decreasing. By tracking transitions from current to 30 days past due, then to 60 days past due, and so on, you can see the momentum—whether more accounts are slipping into worse delinquency or resolving. Static pool analysis looks at origination cohorts and delinquency at a single point in time, not the flow between stages. Annualized charge-offs measure losses that have been written off, not the direction of delinquency movement. Net promoter score gauges customer satisfaction, not delinquency dynamics. So, roll rates are the method that reveals the roll of delinquency over time.

**4. When does automatic stay take effect in a bankruptcy filing?**

**A. From date of filing**

**B. Upon court order after petition**

**C. Immediately after filing date but not served**

**D. Upon creditor consent**

Automatic stay begins as soon as the bankruptcy petition is filed. It goes into effect immediately on the filing date, without needing a court order, service on creditors, or creditor consent. This stops most collection actions right away—like lawsuits, garnishments, and foreclosures—giving the debtor relief while the case proceeds. The stay can later be modified or lifted by the court if a party requests relief, but the initial protection is automatic from the moment of filing.

**5. Which option best describes when forbearance is used?**

**A. It provides breathing room for the lessee.**

**B. It transfers payments to a new party.**

**C. It terminates the lease.**

**D. It increases the payment amount due immediately.**

Forbearance is a temporary relief that a lessor grants to a lessee facing cash-flow problems. It provides breathing room by postponing or reducing payments for a set period, giving the lessee time to get back on track while the lease remains in effect. This focused relief helps avoid immediate default and preserves the ongoing relationship between the parties. It isn't about transferring payments to another party (that would be an assignment/novation), it doesn't terminate the lease, and it doesn't require increasing the amount due right away (that would be a form of acceleration or a demand for immediate payment).

**6. Which statement is a legal consideration in collection efforts?**

- A. Must knowledgeable about collection laws.**
- B. Remain within collection laws.**
- C. Prohibited from harass, oppress or abuse.**
- D. Should work with an attorney who knows leasing law.**

Staying within collection laws is the key idea in any collection effort. The entire process must be conducted in a way that complies with all applicable statutes and regulations, governing what you can say, when you can contact, how you disclose information, and what methods you may use. Operating within these legal boundaries protects everyone involved and minimizes risk of legal consequences. While being aware of the laws, avoiding harassment, and consulting an attorney when needed are important components of lawful practice, the fundamental requirement is to remain within the collection laws at all times.

**7. Debtor can file a Chapter 11 plan by how many days?**

- A. 120 days**
- B. 90 days**
- C. 180 days**
- D. 365 days**

In Chapter 11, the debtor enjoys an exclusive window to file a reorganization plan to avoid competing plans from others. That period is 120 days from the petition date (order for relief). If the debtor doesn't file within 120 days, other parties can step in with their own plans. Extensions for cause can be granted, but the default filing deadline is 120 days. The 180-day figure relates to the time to seek acceptance of the plan after filing, not the deadline to file. The 365-day option isn't a standard filing period. So the debtor can file a Chapter 11 plan by 120 days.

**8. During an automatic stay, can collectors contact the lessee?**

- A. Without Authorization**
- B. Only If Authorized by an Attorney**
- C. Not At All**
- D. Only After 30 Days**

During bankruptcy, the automatic stay stops most collection actions against the debtor, including direct contact with the lessee. The proper path for collectors is to communicate through the debtor's attorney, and only if the attorney authorizes contact. This keeps efforts within the legal process and avoids violating the stay. So contact is allowed only when the attorney permits it; direct outreach without authorization would run afoul of the stay. There isn't a 30-day waiting rule, and saying contact is never allowed ignores the legitimate channel through counsel.

## 9. What governs bankruptcy?

- A. National Bankruptcy Act 1898 to 1938
- B. US Constitution
- C. Modified by Title 1 US Code of Bankruptcy**
- D. Bankruptcy Act of 1994

Bankruptcy law today is a codified set of federal statutes that Congress creates and updates, not just a historical act or a constitutional grant. The operative rules live in the U.S. Bankruptcy Code, part of the United States Code, and over time it has been amended by new federal statutes to address changing needs and policy goals. The Constitution gives Congress the authority to establish uniform bankruptcy laws, and earlier acts laid the groundwork, but the current framework is the code that's periodically revised. The idea behind the correct choice is capturing that bankruptcy is governed within a specific title of the U.S. Code and is subject to ongoing modification, rather than being tied to an old act or to the Constitution alone. In practice, you'll study the Bankruptcy Code and its amendments (primarily Title 11) as the living framework for bankruptcy today.

## 10. In Residual Collections, which factor can diminish residual FMV?

- A. The lessee's payment history
- B. Low demand in the market
- C. Cost of repossession may diminish residual FMV**
- D. Increasing interest rates

Residual FMV is the net value you expect to realize from the collateral after it's repossessed and sold, accounting for the costs of recovery and disposal. The cost of repossession can diminish this value because those costs are subtracted from the sale proceeds. If repossession is expensive, the cash left over to apply to the loan or to cover the deficiency declines, lowering the residual FMV. Other factors can affect asset value, but they don't reduce the net recovery as directly as the costs tied to repossession.

## 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://clfpcollections.examzify.com>**

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

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