

Florida Mortgage Loan Officer Practice Exam (Sample)

Study Guide



Everything you need from our exam experts!

This is a sample study guide. To access the full version with hundreds of questions,

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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. Don't worry about getting everything right, 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, and take breaks to retain information better.

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.

7. Use Other Tools

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!

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Questions

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- 1. What is a Warehouse Line of Credit primarily used for?**
 - A. Personal loans for individuals**
 - B. Funding loans for mortgage companies**
 - C. Paying off existing debts**
 - D. Acquiring real estate**
- 2. After how many days can a lender charge a late fee once a loan has been transferred?**
 - A. 30 days**
 - B. 15 days**
 - C. 60 days**
 - D. 90 days**
- 3. How many months of cushion reserve can a lender collect on an escrow account?**
 - A. 1 month**
 - B. 2 months**
 - C. 3 months**
 - D. 4 months**
- 4. How are fees listed on the new TRID disclosures?**
 - A. By amount**
 - B. In descending order**
 - C. Alphabetically**
 - D. By category**
- 5. The Red Flag Identity Theft program was developed by which organization?**
 - A. The Federal Trade Commission (FTC)**
 - B. The Consumer Financial Protection Bureau (CFPB)**
 - C. The Federal Bureau of Investigation (FBI)**
 - D. The Department of Justice (DOJ)**

6. What term describes the portion of monthly payments held by the lender for taxes and insurance?

- A. Impostos**
- B. Accruals**
- C. Impounds or Escrows**
- D. Withholdings**

7. What is a third party agent that receives, holds, and/or disburses certain funds or documents upon the performance of certain conditions?

- A. Escrow agent**
- B. Broker**
- C. Notary Public**
- D. Title Company**

8. What does the Treasury Rate (T-Rate) refer to?

- A. The interest rate on home loans**
- B. The rate paid on US Treasury securities**
- C. The average rate of inflation**
- D. The rate of return on savings accounts**

9. Which federal law requires lenders to disclose the cost of credit using uniform standards?

- A. Consumer Credit Protection Act**
- B. Truth-In-Lending Act**
- C. Fair Housing Act**
- D. Equal Credit Opportunity Act**

10. A borrower has until midnight of which business day to rescind a loan on a primary residence?

- A. 1st business day**
- B. 2nd business day**
- C. 3rd business day**
- D. 4th business day**

Answers

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

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Explanations

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1. What is a Warehouse Line of Credit primarily used for?

- A. Personal loans for individuals
- B. Funding loans for mortgage companies**
- C. Paying off existing debts
- D. Acquiring real estate

A Warehouse Line of Credit is a specialized type of short-term financing used primarily by mortgage companies to fund the loans they originate before those loans are sold in the secondary market. This financial tool allows mortgage lenders to have immediate access to capital, enabling them to provide loans to borrowers without having to wait for the long process of securitization or selling the loans. When a mortgage company originates a loan, it can draw from its Warehouse Line of Credit to provide the borrower with the necessary funds. After the loan closes, the lender may sell the mortgage to investors, and the proceeds from that sale can be used to pay down the warehouse line. This system allows lenders to efficiently manage their liquidity and ensure they can continue making new loans quickly. The other options do not align with the primary use of a Warehouse Line of Credit. Personal loans for individuals or paying off existing debts are not typically related to warehouse financing, nor is acquiring real estate directly a function of this type of credit line. Instead, it focuses on providing the necessary funds for mortgage origination activities.

2. After how many days can a lender charge a late fee once a loan has been transferred?

- A. 30 days
- B. 15 days
- C. 60 days**
- D. 90 days

In the context of mortgage loans, once a loan has been transferred to a new lender, the regulations generally allow the new lender to charge a late fee after a grace period has expired. For most conventional loans, this grace period is typically 15 days after the due date. However, it is common practice and often permitted by loan agreements for a lender to assess a late fee starting on the 30th day after a payment due date if that payment has not been received. In Florida, for certain types of loan agreements, the allowance to charge late fees often begins specifically on the 30th day past due. This standard, however, can vary based on specific loan terms or state regulations. The possibility of a later initiation, like 60 days, would not typically align with standardized practice, as regulations aim to ensure timely communication and collection. Therefore, the duration after which a lender can start charging a late fee after transferring a loan is most accurately represented by the 30-day guideline, which aligns with standard practices seen in many loan agreements. While there may be some confusion regarding the timeframe, it is important to adhere to widely accepted procedures within the industry.

3. How many months of cushion reserve can a lender collect on an escrow account?

- A. 1 month**
- B. 2 months**
- C. 3 months**
- D. 4 months**

A lender can collect up to two months of cushion reserve in an escrow account to cover any potential shortfalls in the escrow payments used for property taxes and insurance. This cushion acts as a safety buffer, ensuring there are sufficient funds in the account to meet future payments even if there are unexpected increases in taxes or insurance premiums. Regulations specify this two-month reserve to limit the potential financial burden on borrowers while still allowing lenders to manage risk effectively. This practice helps ensure that borrowers do not face sudden payment demands and that lenders can maintain sufficient funds to cover anticipated expenses related to the property. Understanding this aspect of escrow accounts is crucial for mortgage loan officers, as it impacts both loan structuring and the overall affordability for borrowers.

4. How are fees listed on the new TRID disclosures?

- A. By amount**
- B. In descending order**
- C. Alphabetically**
- D. By category**

The correct answer is that fees on the new TRID disclosures are listed by category. The TILA-RESPA Integrated Disclosure (TRID) rule was designed to make it easier for consumers to understand the costs associated with their mortgage transactions. By categorizing the fees, the TRID disclosures help borrowers more clearly see which costs are associated with different aspects of the loan process, such as loan origination, services required by the lender, and services the borrower may shop for. This categorization aids in transparency and allows consumers to easily compare fees. Listing fees by category rather than by amount, in descending order, or alphabetically ensures that borrowers can quickly identify and group related costs together, making the overall disclosure easier to navigate and comprehend.

5. The Red Flag Identity Theft program was developed by which organization?

- A. The Federal Trade Commission (FTC)**
- B. The Consumer Financial Protection Bureau (CFPB)**
- C. The Federal Bureau of Investigation (FBI)**
- D. The Department of Justice (DOJ)**

The Red Flag Identity Theft program was developed by the Federal Trade Commission (FTC) as part of their efforts to combat identity theft and protect consumers. The Red Flags Rule requires financial institutions and creditors to implement identity theft prevention programs, which are designed to detect and respond to warning signs (or "red flags") that someone might be trying to commit identity theft. The FTC's role in this initiative is significant as it provides guidance and oversight on how these programs should be structured and enforced, creating a framework for businesses to follow in identifying potential identity theft risks effectively. The agency's focus on consumer protection aligns with its broader mission to promote fair competition and ensure that consumers are treated fairly in the marketplace.

6. What term describes the portion of monthly payments held by the lender for taxes and insurance?

- A. Impostos**
- B. Accruals**
- C. Impounds or Escrows**
- D. Withholdings**

The term that identifies the portion of monthly payments retained by the lender for taxes and insurance is "impounds" or "escrows." This system ensures that the borrower has a dedicated amount saved to cover these essential costs, which often occur annually or semi-annually. By collecting these funds as part of the monthly mortgage payment, the lender can manage these expenses on behalf of the borrower, ensuring that property taxes and insurance premiums are paid on time. Using escrows helps protect both the lender and the borrower, as it reduces the risk of the borrower missing a payment on property taxes or insurance, which could lead to financial hardships or even foreclosure in extreme cases. Setting aside money monthly prevents sudden large expenses from overwhelming the borrower and allows lenders to ensure that the home is adequately protected against risks associated with uninsured property or unpaid taxes. In contrast, the other terms are often used in different financial contexts and do not specifically relate to the practice of holding funds for taxes and insurance. Thus, the terminology of impounds or escrows is the most appropriate in this scenario.

7. What is a third party agent that receives, holds, and/or disburses certain funds or documents upon the performance of certain conditions?

- A. Escrow agent**
- B. Broker**
- C. Notary Public**
- D. Title Company**

The role of a third party agent receiving, holding, and disbursing funds or documents upon the fulfillment of specific conditions is best described as an escrow agent. An escrow agent is an independent entity that manages the process of holding funds (such as down payments) and important documents (like property deeds) during a transaction until all parties meet the specified conditions or terms of the agreement. This function is essential in real estate transactions, where an escrow agent ensures that money and documentation are properly managed to protect all involved parties, maintaining the integrity of the transaction until everything is settled according to the contractual obligations. In contrast, while a broker facilitates transactions between buyers and sellers, they do not typically handle funds in an escrow capacity. A notary public primarily serves to witness signatures and authenticate documents rather than hold or disburse funds. A title company often deals with the title insurance process and may handle some documents, but it does not primarily act as an escrow agent. Therefore, the function and responsibilities attributed to an escrow agent align precisely with the description provided in the question.

8. What does the Treasury Rate (T-Rate) refer to?

- A. The interest rate on home loans**
- B. The rate paid on US Treasury securities**
- C. The average rate of inflation**
- D. The rate of return on savings accounts**

The Treasury Rate, often abbreviated as T-Rate, specifically refers to the interest rate paid on U.S. Treasury securities. These securities are government debt instruments issued by the U.S. Department of the Treasury to finance government spending. Investors purchase these securities as a way to lend money to the government, and in return, they receive interest payments at the T-Rate. The significance of the Treasury Rate lies in its role as a benchmark for other interest rates in the economy, influencing mortgage rates and various loan pricing. Since Treasury securities are backed by the U.S. government, they are considered low-risk investments, which makes the T-Rate an important indicator of market conditions and investor confidence. Understanding the Treasury Rate is essential for mortgage loan officers, as it can impact the cost of borrowing for consumers and the overall mortgage market. Rates on home loans, inflation averages, and the rates of return on savings accounts are influenced by the T-Rate, but they are separate concepts that are shaped by a variety of economic factors beyond just the Treasury securities themselves.

9. Which federal law requires lenders to disclose the cost of credit using uniform standards?

- A. Consumer Credit Protection Act**
- B. Truth-In-Lending Act**
- C. Fair Housing Act**
- D. Equal Credit Opportunity Act**

The Truth-In-Lending Act is the federal law that mandates lenders to disclose the cost of credit using uniform standards. This law was established to promote informed use of consumer credit by requiring clear and standardized disclosures about loan terms and conditions. The intent behind this act is to ensure that consumers can make informed financial decisions by understanding the true cost of borrowing, including interest rates, fees, and other relevant financial information. By standardizing how this information is presented, the Truth-In-Lending Act helps to reduce confusion and allows consumers to compare offers from different lenders more easily. This transparency is a critical element in helping consumers understand and manage their financial responsibilities. In contrast, other laws such as the Consumer Credit Protection Act, the Fair Housing Act, and the Equal Credit Opportunity Act address different aspects of consumer rights and credit practices, but they do not focus specifically on the uniform disclosure of credit costs.

10. A borrower has until midnight of which business day to rescind a loan on a primary residence?

- A. 1st business day**
- B. 2nd business day**
- C. 3rd business day**
- D. 4th business day**

The borrower has the right to rescind a loan on a primary residence until midnight of the third business day following the loan closing. This is a provision under the Truth in Lending Act (TILA), which gives borrowers a cooling-off period to reconsider their loan agreement. The 3-day period allows borrowers to review the terms and conditions of the loan, ensuring they are fully informed about their decision. This right of rescission is important because it protects consumers from hasty decisions and gives them time to evaluate whether the loan terms are in their best interest. The count begins the day after the closing and includes all business days, which are defined as days the lender is open for business. This consideration of business days is essential, as it excludes weekends and federal holidays, which can affect the exact timeline. In contrast, the other options—whether it be the first, second, or fourth business day—do not accurately reflect the legal framework established under TILA. Understanding the correct duration for the right of rescission is crucial for both borrowers and loan officers to ensure compliance and protect consumer rights.

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://flmortgageloanofficer.examzify.com>

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

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