

FLORIDA MORTGAGE LOAN OFFICER PRACTICE EXAM (SAMPLE)

STUDY GUIDE



**SAMPLE STUDY GUIDE
WITH LIMITED QUESTIONS**

**VISIT US ONLINE FOR
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. When is the latest that an applicant should receive the Closing Disclosure?**
 - A. At the time of closing
 - B. 3 business days before consummation
 - C. Within 5 business days prior
 - D. 2 business days after application

- 2. What legislation requires lenders to give clear disclosures about mortgage terms to borrowers?**
 - A. The Truth in Lending Act (TILA)
 - B. The Fair Housing Act (FH ACT)
 - C. The Fair and Accurate Credit Transaction Act (FACTA)
 - D. The Real Estate Settlement Procedures Act (RESPA)

- 3. In lending, what does "CLTV" stand for?**
 - A. Current Loan Tax Value
 - B. Combined Loan-to-Value
 - C. Comprehensive Loan-to-Value
 - D. Credit Loan-to-Value

- 4. Who is generally considered an entity that makes, funds, and services mortgages?**
 - A. Mortgage Broker
 - B. Mortgage Banker
 - C. Loan Officer
 - D. Real Estate Agent

- 5. What type of mortgage insurance relates specifically to FHA loans?**
 - A. Private Mortgage Insurance (PMI)
 - B. Mortgage Insurance Premium (MIP)
 - C. Title Insurance
 - D. Homeowners Insurance

- 6. What do you call the process of transferring the rights and obligations under a mortgage from one person to another?**
- A. Assignment
 - B. Transfer
 - C. Novation
 - D. Reassignment
- 7. What type of loan program requires the borrower to only pay interest on the loan?**
- A. Amortizing Loan
 - B. Fixed Rate Loan
 - C. Interest Only Loan
 - D. Balloon Loan
- 8. How many business days does a servicer have to respond to a "qualified written request" regarding a borrower's account?**
- A. 15 business days
 - B. 30 business days
 - C. 45 business days
 - D. 60 business days
- 9. What is typically assessed when calculating a borrower's credit risk score?**
- A. Age and employment history
 - B. Education and income level
 - C. Various pieces of information in a credit report
 - D. Geographic location and marital status
- 10. Which of the following is NOT a tolerance category related to fees?**
- A. Unlimited
 - B. Limited
 - C. Zero
 - D. 10 percent

Answers

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

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Explanations

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1. When is the latest that an applicant should receive the Closing Disclosure?

- A. At the time of closing
- B. 3 business days before consummation**
- C. Within 5 business days prior
- D. 2 business days after application

The Closing Disclosure must be provided to the applicant a minimum of three business days before consummation of the loan. This requirement is part of the TILA-RESPA Integrated Disclosure rule, which aims to ensure that borrowers are given sufficient time to review the terms of their loan and any associated costs before finalizing their mortgage. By providing the Closing Disclosure three days in advance, the borrower can make an informed decision, ask questions, or raise concerns about any part of the loan arrangement. This timeframe is crucial for allowing borrowers to understand the financial implications of their mortgage fully, ensuring transparency in the lending process. The three-day period is designed to prevent any last-minute surprises regarding fees or terms that might arise at closing. The intention behind this rule is to promote clarity and protect consumers in the mortgage process.

2. What legislation requires lenders to give clear disclosures about mortgage terms to borrowers?

- A. The Truth in Lending Act (TILA)**
- B. The Fair Housing Act (FH ACT)
- C. The Fair and Accurate Credit Transaction Act (FACTA)
- D. The Real Estate Settlement Procedures Act (RESPA)

The legislation that requires lenders to provide clear disclosures about mortgage terms to borrowers is the Truth in Lending Act (TILA). This Act was enacted to promote informed use of credit by requiring disclosures about the terms and costs of credit to consumers. It ensures that borrowers receive key information regarding interest rates, fees, and the total cost of the loan, which allows them to compare different mortgage offers effectively. The intention behind TILA is to help consumers make more informed financial decisions and to promote transparency in lending practices. Separately, the other acts mentioned in the question serve different purposes. The Fair Housing Act focuses on preventing discrimination in housing and mortgage lending based on race, color, national origin, religion, sex, familial status, or disability. The Fair and Accurate Credit Transactions Act (FACTA) primarily deals with improving the accuracy of consumers' credit information and reducing identity theft. Lastly, the Real Estate Settlement Procedures Act (RESPA) is designed to ensure that borrowers are provided with important information about the real estate settlement process, mainly focusing on disclosures related to settlement costs rather than the terms of credit offered by lenders.

3. In lending, what does "CLTV" stand for?

- A. Current Loan Tax Value
- B. Combined Loan-to-Value**
- C. Comprehensive Loan-to-Value
- D. Credit Loan-to-Value

The term "CLTV" stands for Combined Loan-to-Value, which is a key metric used in the lending process, particularly in mortgage financing. It represents the total amount of outstanding loans secured by a property as a percentage of the property's appraised value. This includes not only the primary mortgage but also any secondary financing, such as a home equity loan or line of credit. Understanding CLTV is crucial for lenders because it helps them assess the risk associated with a mortgage application. A higher CLTV can indicate greater risk, as it suggests the borrower has a smaller equity stake in the property, potentially making them more vulnerable to default if property values decrease. Conversely, a lower CLTV reflects a more significant amount of equity, suggesting that the borrower has a vested interest in maintaining their mortgage commitment. This metric is particularly relevant for determining eligibility for various loan programs, pricing of loans, and the requirement for mortgage insurance. By assessing the CLTV, lenders can better manage their risk and ensure they make informed lending decisions.

4. Who is generally considered an entity that makes, funds, and services mortgages?

- A. Mortgage Broker
- B. Mortgage Banker**
- C. Loan Officer
- D. Real Estate Agent

The entity that is generally considered to make, fund, and service mortgages is a mortgage banker. Mortgage bankers are financial institutions or individuals that originate loans, providing the necessary funds for the mortgage and controlling the entire lending process, from application to closing. They often have access to their own capital or lines of credit to fund loans directly and may also keep the servicing rights of those loans, which means they manage the payment collections and customer service aspects over the life of the mortgage. In contrast, mortgage brokers act as intermediaries between borrowers and lenders but do not directly fund the loans themselves; they help borrowers find the best loan options by matching them with lenders. A loan officer typically works for a lender or bank, assisting borrowers with the application process and underwriting but does not usually fund loans independently. Real estate agents focus on facilitating the buying and selling of properties and do not deal with mortgage lending directly. Understanding these distinctions clarifies why the mortgage banker is the correct answer in this context.

5. What type of mortgage insurance relates specifically to FHA loans?

- A. Private Mortgage Insurance (PMI)
- B. Mortgage Insurance Premium (MIP)**
- C. Title Insurance
- D. Homeowners Insurance

The type of mortgage insurance that specifically relates to FHA loans is known as Mortgage Insurance Premium (MIP). This insurance is required for borrowers who take out loans insured by the Federal Housing Administration. MIP is essential because it protects the lender in case the borrower defaults on the loan. It is a distinct product from Private Mortgage Insurance (PMI), which is typically associated with conventional loans and is used when borrowers make a down payment of less than 20%. MIP has specific characteristics, including being mandatory for the life of the loan or for a certain period depending on the down payment made. This insurance is important for facilitating access to mortgage financing for homebuyers with lower credit scores or smaller down payments, a key purpose of FHA loans. Understanding MIP is crucial for mortgage professionals, as it impacts the overall cost of the loan and borrowers' affordability.

6. What do you call the process of transferring the rights and obligations under a mortgage from one person to another?

- A. Assignment**
- B. Transfer
- C. Novation
- D. Reassignment

The process of transferring the rights and obligations under a mortgage from one person to another is known as an assignment. In this context, an assignment involves the original borrower transferring their interest in the mortgage and the associated responsibilities to a new borrower. This process allows the new borrower to step into the shoes of the original borrower, which means they will be responsible for making payments and adhering to the terms of the mortgage. Assignments are a common practice in real estate transactions, as they help facilitate the transfer of obligations without needing to create a completely new mortgage agreement. For a valid assignment to occur, the lender typically needs to approve the transfer, ensuring that the new borrower meets the lender's requirements. While terms like "transfer" and "novation" might seem similar, they have distinct meanings in legal and real estate terminology. A transfer can refer more generally to any movement of assets, not specifically tied to the obligations of a mortgage. Novation, on the other hand, involves replacing one of the parties in a contract with the consent of all parties involved, creating a new obligation. Reassignment is not a standard term used in this context and does not accurately describe the process. Thus, assignment is the precise term for this scenario.

7. What type of loan program requires the borrower to only pay interest on the loan?

- A. Amortizing Loan
- B. Fixed Rate Loan
- C. Interest Only Loan**
- D. Balloon Loan

An Interest Only Loan is a specific type of mortgage that allows the borrower to pay only the interest for a predetermined period, typically at the beginning of the loan term. During this initial phase, the principal balance does not decrease, which means that the borrower does not build equity unless they pay down the principal or the property value increases. This structure can result in lower monthly payments during the interest-only period, making it attractive to borrowers who anticipate an increase in income or a sale of the property before the principal payments begin. In contrast, an Amortizing Loan involves monthly payments that cover both interest and principal, ensuring that the loan balance decreases over time. A Fixed Rate Loan refers to a mortgage where the interest rate remains constant throughout the term, regardless of the payment structure. A Balloon Loan typically consists of lower payments over a set term, followed by a large payment of the remaining principal at the end of that term. In this context, the Interest Only Loan is distinct due to its focus solely on interest payments during the initial phase, leading to the correct choice.

8. How many business days does a servicer have to respond to a "qualified written request" regarding a borrower's account?

- A. 15 business days
- B. 30 business days**
- C. 45 business days
- D. 60 business days

A servicer is required to respond to a "qualified written request" (QWR) regarding a borrower's account within 30 business days. This requirement is established by the Real Estate Settlement Procedures Act (RESPA), which aims to protect consumers by regulating mortgage servicing practices. A QWR is a written communication from a borrower that requests information related to the servicing of their loan, and the timely response is crucial in addressing borrower concerns and maintaining transparency in the loan servicing process. While other timeframes exist in different contexts, the 30-business-day period is specifically tied to the requirements for responding to QWRs, emphasizing the importance of prompt communication between servicers and borrowers to foster trust and effective resolution of issues.

9. What is typically assessed when calculating a borrower's credit risk score?

- A. Age and employment history
- B. Education and income level
- C. Various pieces of information in a credit report
- D. Geographic location and marital status

The calculation of a borrower's credit risk score primarily involves analyzing various pieces of information found in a credit report. This includes the borrower's payment history, the total amount of debt, types of credit accounts, length of credit history, and inquiries into the borrower's credit profile. These factors collectively help lenders assess the likelihood that the borrower will meet their debt obligations. Other options suggest factors that are not typically included in the credit risk score calculation. For instance, age and employment history, education and income level, and geographic location and marital status can be relevant to a lender's overall assessment of a borrower's financial situation, but they do not directly influence the credit score itself, which is strictly derived from credit report data. This is why focusing on the comprehensive information present within a credit report is essential for determining a borrower's creditworthiness.

10. Which of the following is NOT a tolerance category related to fees?

- A. Unlimited
- B. Limited
- C. Zero
- D. 10 percent

In the context of mortgage lending, tolerance categories are used to establish how much certain fees can vary without impacting the loan or requiring additional disclosures to the borrower. The categories typically recognized in the rule set forth by RESPA (Real Estate Settlement Procedures Act) include "Unlimited," which allows for no restrictions on fee increases related to title services and certain other costs; "Zero," which places strict limits on increases for specific services that are required to be used; and "10 percent," which permits a limited increase on fees that fall under certain conditions, allowing for a cumulative increase of up to 10% on specific items. The option "Limited" does not represent an established tolerance category for fees in this regulatory framework. Instead, the other options reflect specific tolerances recognized within the guidelines, helping consumers know what to expect regarding fee changes. Therefore, recognizing that "Limited" is not an official tolerance category clarifies its status among the other valid categories.

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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