

MORTGAGE LOAN ORIGINATORS (MLO) FEDERAL LAWS PRACTICE TEST (SAMPLE) STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

**VISIT US ONLINE FOR
THE FULL VERSION STUDY GUIDE**

<https://mlofederallaws.examzify.com>



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

SAMPLE

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

SAMPLE

- 1. Your applicant receives child support for her seven-year-old son. Can you gross up the child support payments she receives?**
 - A. No, you can only gross up income that is processed by a state agency.
 - B. No, you can never gross up funds that are intended for a child.
 - C. Yes, gross up all non-taxable income if it is verified and likely to continue for three years.
 - D. No, you can never gross it up, but you can deduct half of the amount against the house payment for debt ratio calculations.

- 2. What does the acronym MLO stand for?**
 - A. Mortgage Lending Officer
 - B. Mortgage Loan Originator
 - C. Mortgage Loan Operator
 - D. Mortgage Lending Organization

- 3. Which act requires MLOs to complete continuing education on a regular basis?**
 - A. The Fair Housing Act
 - B. The Real Estate Settlement Procedures Act
 - C. The Secure and Fair Enforcement for Mortgage Licensing Act
 - D. The Equal Credit Opportunity Act

- 4. What is a "duplicate loan estimate" in mortgage lending?**
 - A. A revised loan estimate
 - B. A copy sent upon request containing the same information as the original
 - C. A simplified loan summary
 - D. A final loan assessment

- 5. Which federal legislation requires visual determination or surname basis for race or national origin when not provided by the borrower?**
 - A. Home Mortgage Disclosure Act
 - B. Truth in Lending Act
 - C. Fair Credit Reporting Act
 - D. Equal Credit Opportunity Act

- 6. Under which federal legislation does the consumer have the right to receive a copy of the appraisal report on a loan collateral?**
- A. TILA
 - B. ECOA
 - C. HMDA
 - D. RESPA
- 7. Which document outlines the terms of a mortgage loan?**
- A. Loan Estimate
 - B. Closing Disclosure
 - C. Mortgage Note
 - D. Title Deed
- 8. Which of the following can be reported on a credit report for longer than seven years according to the Fair Credit Reporting Act?**
- A. Slow payments on a credit card
 - B. Collections
 - C. Bankruptcy
 - D. Mortgage accounts
- 9. Which law defines a high-cost loan, sometimes referred to as a Section 32 loan?**
- A. Homeowners Protection Act
 - B. Mortgage Reform and Anti-Predatory Lending Act
 - C. Home Ownership and Equity Protection Act
 - D. Home Mortgage Disclosure Act
- 10. What document requires that all compensation for real estate broker and mortgage broker be disclosed?**
- A. Good Faith Estimate
 - B. Truth in Lending Statement
 - C. HUD Settlement Cost Booklet
 - D. Closing Disclosure

Answers

SAMPLE

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

SAMPLE

Explanations

SAMPLE

1. Your applicant receives child support for her seven-year-old son. Can you gross up the child support payments she receives?

A. No, you can only gross up income that is processed by a state agency.

B. No, you can never gross up funds that are intended for a child.

C. Yes, gross up all non-taxable income if it is verified and likely to continue for three years.

D. No, you can never gross it up, but you can deduct half of the amount against the house payment for debt ratio calculations.

The option stating that you can gross up all non-taxable income if it is verified and likely to continue for three years is correct because grossing up non-taxable income is a common practice in the mortgage lending process. When a borrower receives income such as child support, which is considered non-taxable, lenders often gross up this amount to better reflect the borrower's actual financial situation. In this case, if the child support payments are documented, verified, and there is a reasonable expectation that they will continue for at least three years, the lender can add a percentage to the income to account for the fact that it is not subject to taxation. This method provides a more accurate picture of the borrower's financial capacity to repay a mortgage. When assessing income, it is essential to ensure that all income sources are reliable and sustainable, which is why the requirement for verification and a continuing timeframe is vital for grossing up non-taxable incomes such as child support. This approach helps lenders make informed and responsible lending decisions.

2. What does the acronym MLO stand for?

A. Mortgage Lending Officer

B. Mortgage Loan Originator

C. Mortgage Loan Operator

D. Mortgage Lending Organization

The acronym MLO stands for Mortgage Loan Originator. This term is used to describe an individual who is responsible for helping borrowers secure mortgage loans. MLOs work with loan applicants, guiding them through the application process, assessing their financial situations, and finding the right loan products that meet their needs. They play a crucial role in the mortgage lending process, often acting as the key point of contact between borrowers and lenders. Understanding the correct terminology is essential in the real estate and finance industries, as it allows professionals to communicate effectively about roles and responsibilities. This clarity helps in adhering to regulations and standards set forth in the mortgage industry, ensuring that borrowers receive accurate information and support. Other options provided, such as "Mortgage Lending Officer" or "Mortgage Loan Operator," do not accurately reflect the specific role of an MLO and could cause confusion about the responsibilities associated with mortgage financing.

3. Which act requires MLOs to complete continuing education on a regular basis?

- A. The Fair Housing Act
- B. The Real Estate Settlement Procedures Act
- C. The Secure and Fair Enforcement for Mortgage Licensing Act**
- D. The Equal Credit Opportunity Act

The Secure and Fair Enforcement for Mortgage Licensing Act, commonly known as the SAFE Act, is the legislation that mandates continuing education requirements for Mortgage Loan Originators (MLOs). Under this act, MLOs are required to complete a certain number of hours of continuing education courses every year to maintain their licensing. This requirement helps ensure that MLOs stay current with the latest laws, regulations, and practices in the mortgage industry, thereby promoting professionalism and consumer protection within the financial system. The other acts listed do not include provisions for the continuing education of MLOs. For instance, the Fair Housing Act primarily addresses discrimination in housing, the Real Estate Settlement Procedures Act deals with settlement practices and disclosures in real estate transactions, and the Equal Credit Opportunity Act focuses on preventing discrimination in lending based on race, color, religion, national origin, sex, marital status, or age. None of these acts have the educational requirements set forth in the SAFE Act for MLOs.

4. What is a "duplicate loan estimate" in mortgage lending?

- A. A revised loan estimate
- B. A copy sent upon request containing the same information as the original**
- C. A simplified loan summary
- D. A final loan assessment

A "duplicate loan estimate" refers to a copy of the original loan estimate that is sent to a borrower upon their request. This document contains the same information as the initial loan estimate provided to the borrower, ensuring that they have multiple copies for their records or to share with others. The purpose of offering a duplicate loan estimate is to maintain transparency and ensure that borrowers have clarity on the terms and conditions of their mortgage. This term highlights the importance of borrower access to information in the mortgage process, aligning with regulatory requirements for clear communication in lending practices. Providing a duplicate allows borrowers to have easy access to important financial information without needing to sift through their original documents or risk losing them. Other options do not accurately define a duplicate loan estimate. A revised loan estimate would imply changes to the original terms, a simplified loan summary is not a standard term in mortgage documents, and a final loan assessment refers to a different stage in the lending process, typically occurring after a loan has been finalized, rather than at the initial estimate stage.

5. Which federal legislation requires visual determination or surname basis for race or national origin when not provided by the borrower?

A. Home Mortgage Disclosure Act

B. Truth in Lending Act

C. Fair Credit Reporting Act

D. Equal Credit Opportunity Act

The correct answer is tied to the Home Mortgage Disclosure Act (HMDA), which mandates that financial institutions collect and report certain information about mortgage applications. One important aspect of HMDA is that it requires lenders to provide information on the race and ethnicity of the applicant to monitor compliance with fair lending laws. When applicants do not provide this information voluntarily, the HMDA permits lenders to rely on visual observation or surname to make a determination about the race or national origin of the borrower. This is crucial for ensuring that lending practices are equitable and that lenders can identify potential discrimination in their lending patterns. The significance of this requirement lies in the commitment to promote transparency and equal opportunity in accessing mortgage loans, working towards eliminating bias in lending practices. By enabling lenders to make this determination when not supplied by the borrower, the HMDA ensures comprehensive data collection that can be analyzed for fairness in mortgage lending across different demographic groups. While the other legislation mentioned, such as the Truth in Lending Act, Fair Credit Reporting Act, and Equal Credit Opportunity Act, addresses various aspects of lending and consumer protection, they do not specifically include the visual determination or surname basis for race or national origin when such information is not provided by the borrower.

6. Under which federal legislation does the consumer have the right to receive a copy of the appraisal report on a loan collateral?

A. TILA

B. ECOA

C. HMDA

D. RESPA

The correct answer is that under federal legislation, consumers have the right to receive a copy of the appraisal report primarily due to the Real Estate Settlement Procedures Act (RESPA). RESPA is designed to ensure that consumers are informed about the costs associated with their mortgage transactions and the services that they are being charged for. One of the key provisions of RESPA is that borrowers must receive a copy of the appraisal report, which helps them better understand the valuation of the property they are purchasing or refinancing. The Truth in Lending Act (TILA) primarily focuses on the cost of credit and ensuring that borrowers are provided with clear and understandable information regarding loan terms and costs. The Equal Credit Opportunity Act (ECOA) aims to prevent discrimination in lending practices, providing equal access to credit regardless of race, color, religion, national origin, sex, marital status, or age. The Home Mortgage Disclosure Act (HMDA) requires certain lenders to compile and disclose information about their mortgage lending activities to ensure fair access to credit, but it does not directly provide consumers with the right to receive appraisal reports. Thus, RESPA is the correct framework that gives consumers the right to access their appraisal reports, helping to maintain transparency in the mortgage process.

7. Which document outlines the terms of a mortgage loan?

- A. Loan Estimate
- B. Closing Disclosure
- C. Mortgage Note**
- D. Title Deed

The Mortgage Note is the document that specifically outlines the terms of a mortgage loan. It functions as a legal agreement between the borrower and the lender, detailing crucial information such as the loan amount, interest rate, repayment schedule, and conditions under which the loan must be repaid. This document formally acknowledges the borrower's debt and provides the lender with the ability to enforce the terms if necessary. In contrast, a Loan Estimate provides prospective borrowers with a summary of the estimated loan costs, helping them understand what they can expect regarding closing costs and interest rates. While it is an important document in the loan process, it does not serve as the binding agreement. The Closing Disclosure gives detailed information on the final terms and costs of the mortgage before closing, but again, it does not outline the original terms of the loan itself. The Title Deed is a legal document that evidences ownership of the property but does not include the terms of the mortgage loan. Therefore, the Mortgage Note is the definitive document for outlining the loan terms.

8. Which of the following can be reported on a credit report for longer than seven years according to the Fair Credit Reporting Act?

- A. Slow payments on a credit card
- B. Collections
- C. Bankruptcy**
- D. Mortgage accounts

Bankruptcy is one of the few financial events that can remain on a credit report for longer than seven years according to the Fair Credit Reporting Act. Specifically, a Chapter 7 bankruptcy can stay on an individual's credit report for up to ten years from the date of filing. This extended reporting time reflects the significant impact that bankruptcy can have on an individual's financial situation and ability to obtain new credit. In contrast, other types of negative information, such as slow payments on a credit card and collections, typically remain on a credit report for seven years from the date of the missed payment or when the debt was turned over to collections. Although mortgage accounts themselves may remain on a credit report indefinitely if they are paid satisfactorily, any negative information linked to those accounts, like late payments, would generally fall under the seven-year reporting period.

9. Which law defines a high-cost loan, sometimes referred to as a Section 32 loan?

- A. Homeowners Protection Act
- B. Mortgage Reform and Anti-Predatory Lending Act
- C. Home Ownership and Equity Protection Act**
- D. Home Mortgage Disclosure Act

The Home Ownership and Equity Protection Act (HOEPA) is the law that defines a high-cost loan, often referred to as a Section 32 loan. HOEPA was enacted as an amendment to the Truth in Lending Act to address certain abusive practices in home equity and high-cost mortgage lending. Under HOEPA, loans that exceed specified thresholds concerning points and fees, interest rates, or prepayment penalties are classified as high-cost loans. This classification brings additional consumer protections, such as increased disclosure requirements and restrictions on lender practices to help borrowers better understand the costs and risks associated with these loans. In contrast, the other laws mentioned, while they pertain to mortgage lending and consumer protection in federal laws, do not specifically define high-cost loans. The Homeowners Protection Act primarily deals with private mortgage insurance (PMI), the Mortgage Reform and Anti-Predatory Lending Act aims to curb predatory lending practices without directly defining high-cost loans, and the Home Mortgage Disclosure Act focuses on the reporting of mortgage data to show lending patterns and enforce fair lending practices.

10. What document requires that all compensation for real estate broker and mortgage broker be disclosed?

- A. Good Faith Estimate
- B. Truth in Lending Statement
- C. HUD Settlement Cost Booklet
- D. Closing Disclosure**

The Closing Disclosure is the correct document because it requires that all compensation for real estate brokers and mortgage brokers be clearly disclosed. This document provides a detailed breakdown of the closing costs associated with a mortgage transaction, including the fees paid to brokers. The intent of the Closing Disclosure is to ensure transparency in the closing process, allowing borrowers to see exactly what they are paying for and to whom. Other documents, such as the Good Faith Estimate and the Truth in Lending Statement, serve specific purposes related to estimating costs and providing information about the terms of the loan, respectively, but they do not comprehensively enumerate the compensation to real estate or mortgage brokers in the same manner as the Closing Disclosure. The HUD Settlement Cost Booklet, while informative, does not serve as a disclosure document about compensation. Thus, the Closing Disclosure stands out as the document that fulfills the requirement for transparency regarding broker compensation.

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://mlofederallaws.examzify.com>

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

SAMPLE