

# New Jersey Residential Mortgage Lending Act Practice Test (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**

- 1. Which factor is NOT typically included in a Loan Estimate?**
  - A. The borrower's employment history**
  - B. The expected closing costs**
  - C. The estimated interest rate**
  - D. The loan amount**
- 2. Which entities must be licensed under the New Jersey Residential Mortgage Lending Act?**
  - A. Real estate agents and appraisers**
  - B. Mortgage lenders and mortgage brokers**
  - C. Home inspectors and contractors**
  - D. Title companies and insurance agents**
- 3. What information must be contained in a mortgage loan application?**
  - A. Borrower personal information, financial details, and property details**
  - B. Just the borrower's name and social security number**
  - C. A statement of any past loan applications**
  - D. Only the property address and price**
- 4. Which federal act protects consumers from predatory lending practices?**
  - A. The Fair Housing Act**
  - B. The Home Ownership and Equity Protection Act (HOEPA)**
  - C. The Equal Credit Opportunity Act**
  - D. The Real Estate Settlement Procedures Act (RESPA)**
- 5. What is generally required for a loan to be classified as a Qualified Mortgage?**
  - A. It should have a loan amount exceeding \$1 million**
  - B. It requires specific affordability assessments**
  - C. It must have a high credit score only**
  - D. It should include multiple fees**

- 6. What type of practices are lenders particularly monitored for under the Act?**
- A. Effective marketing strategies**
  - B. Deceptive, fraudulent, or predatory lending practices**
  - C. Providing too many loan options**
  - D. Setting industry standards**
- 7. What constitutes a violation of the New Jersey Residential Mortgage Lending Act?**
- A. Offering competitive interest rates**
  - B. Engaging in lending practices that are deceptive, fraudulent, or predatory**
  - C. Providing full disclosure to borrowers**
  - D. Encouraging borrowers to refinance**
- 8. What is the purpose of the Loan Estimate (LE) form required by the New Jersey Residential Mortgage Lending Act?**
- A. To provide a detailed annual report**
  - B. To offer prospective borrowers clear and transparent loan terms**
  - C. To list all potential fees after closing**
  - D. To allow lenders to charge higher interest rates**
- 9. What is a “mortgage loan originator” according to New Jersey law?**
- A. An individual who provides financial counseling**
  - B. An individual who takes a residential mortgage loan application or negotiates terms**
  - C. A lender who distributes loan funds**
  - D. An underwriter that evaluates loan applications**
- 10. What is one thing a Mortgage Broker is prohibited from doing?**
- A. Advising customers**
  - B. Making mortgage loans**
  - C. Negotiating loan terms**
  - D. Collecting loan fees**

## **Answers**

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

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## **Explanations**

**1. Which factor is NOT typically included in a Loan Estimate?**

- A. The borrower's employment history**
- B. The expected closing costs**
- C. The estimated interest rate**
- D. The loan amount**

The factor that is not typically included in a Loan Estimate is the borrower's employment history. A Loan Estimate is a standardized document that lenders are required to provide to consumers within three business days of receiving a loan application. Its primary purpose is to inform borrowers about key loan details, including the expected closing costs, the estimated interest rate, and the loan amount. While a borrower's employment history may play a role in the overall loan approval process, it is not a detail that is disclosed in the Loan Estimate itself. The Loan Estimate focuses specifically on the financial terms and conditions of the loan, allowing borrowers to better understand their prospective mortgage's costs and implications. This information is crucial for consumers as they compare different loan offers from various lenders.

**2. Which entities must be licensed under the New Jersey Residential Mortgage Lending Act?**

- A. Real estate agents and appraisers**
- B. Mortgage lenders and mortgage brokers**
- C. Home inspectors and contractors**
- D. Title companies and insurance agents**

The New Jersey Residential Mortgage Lending Act mandates that specific entities involved in mortgage lending activities must obtain a license to operate legally within the state. Mortgage lenders and mortgage brokers are directly involved in the origination, negotiation, and closing of residential mortgage loans, which places them under the purview of this legislation. Mortgage lenders provide the funds for home loans, while mortgage brokers act as intermediaries between borrowers and lenders, helping to facilitate the loan process. The requirement for licensing is aimed at ensuring that these entities meet certain standards and comply with regulations designed to protect consumers, promote fair lending practices, and maintain a level of oversight within the mortgage industry. In contrast, real estate agents and appraisers, home inspectors and contractors, and title companies and insurance agents do not fall under the specific licensing requirements imposed by the New Jersey Residential Mortgage Lending Act, as their roles, while important in the real estate transaction process, do not directly encompass the lending and brokering of residential mortgages.

**3. What information must be contained in a mortgage loan application?**

**A. Borrower personal information, financial details, and property details**

**B. Just the borrower's name and social security number**

**C. A statement of any past loan applications**

**D. Only the property address and price**

The correct answer is that a mortgage loan application must contain borrower personal information, financial details, and property details. This comprehensive information is essential for lenders to assess the borrower's ability to repay the loan and to understand the property being financed. The personal information of the borrower typically includes their name, address, contact details, and social security number, which helps the lender identify and evaluate the applicant. Financial details, such as income, employment history, debts, and assets, are critical for assessing the borrower's creditworthiness and overall financial health. Additionally, property details encompass information like the property address, type of property, purchase price, and any other relevant data that provide insight into the value and condition of the asset being financed. Other options fall short of the complete information required in a mortgage application. For instance, limiting the information to just the borrower's name and social security number would not provide sufficient context for credit evaluation. Similarly, a statement of past loan applications or only the property address and price does not capture the financial standing of the borrower, which is crucial in the decision-making process for lenders. A robust application ensures that lenders can make informed decisions and manage risks effectively.

**4. Which federal act protects consumers from predatory lending practices?**

**A. The Fair Housing Act**

**B. The Home Ownership and Equity Protection Act (HOEPA)**

**C. The Equal Credit Opportunity Act**

**D. The Real Estate Settlement Procedures Act (RESPA)**

The Home Ownership and Equity Protection Act (HOEPA) is the correct choice because it specifically addresses predatory lending practices, particularly in relation to high-cost home loans. Implemented as part of the Truth in Lending Act, HOEPA provides substantial protections to consumers by requiring lenders to disclose additional information about the terms and costs of loans that fall into the higher-cost category. This includes ensuring that borrowers are informed about the risks associated with such loans, which may carry higher interest rates and fees, thereby helping to prevent scenarios where consumers feel pressured or misled into accepting unfavorable loan terms. The other acts, while important in consumer protection, focus on different aspects of housing and lending. The Fair Housing Act primarily addresses discrimination in housing-related activities, the Equal Credit Opportunity Act prohibits discrimination in lending based on certain characteristics, and the Real Estate Settlement Procedures Act (RESPA) relates to the disclosure of settlement costs and aims to eliminate kickbacks and referral fees in real estate transactions. Thus, these other acts do not directly target the predatory practices characteristic of high-cost loans as HOEPA does.

**5. What is generally required for a loan to be classified as a Qualified Mortgage?**

- A. It should have a loan amount exceeding \$1 million**
- B. It requires specific affordability assessments**
- C. It must have a high credit score only**
- D. It should include multiple fees**

A loan is classified as a Qualified Mortgage based on specific requirements designed to ensure that borrowers can afford their loans. One of the key characteristics of a Qualified Mortgage is the necessity for lenders to conduct thorough affordability assessments. This includes evaluating the borrower's ability to repay the mortgage based on their financial situation, which helps to protect consumers from taking on loans they cannot manage. This requirement aligns with the broader goal of maintaining responsible lending practices and reducing the risk of default. Affordability assessments typically consider the borrower's income, debts, and other financial obligations, ensuring that they can meet their mortgage payments without undue financial strain. The other options fail to capture the essence of what defines a Qualified Mortgage. For instance, a loan amount exceeding \$1 million does not inherently qualify it as a Qualified Mortgage, as the classification is primarily based on the borrower's ability to repay. A focus solely on high credit scores neglects the need for broader affordability assessments, which are critical in determining eligibility for a Qualified Mortgage. Lastly, including multiple fees does not contribute to the classification of a loan as a Qualified Mortgage and may actually be viewed as a detriment if those fees increase the overall cost of the loan.

**6. What type of practices are lenders particularly monitored for under the Act?**

- A. Effective marketing strategies**
- B. Deceptive, fraudulent, or predatory lending practices**
- C. Providing too many loan options**
- D. Setting industry standards**

Lenders are particularly monitored for deceptive, fraudulent, or predatory lending practices under the New Jersey Residential Mortgage Lending Act. This focus is essential because such practices can harm consumers, particularly vulnerable populations, by leading them into unfavorable loan terms, high fees, and unsustainable debt situations. The Act serves to promote fair lending practices and to ensure that consumers are treated ethically and transparently throughout the mortgage process. Regulatory scrutiny in this area helps to protect homeowners and prospective buyers from practices that could exploit their financial circumstances or mislead them regarding the terms of their loans. By specifically targeting predatory lending, the Act addresses issues such as hidden fees, misrepresentation of loan terms, and targeting consumers with poor credit histories for high-interest loans. In contrast, effective marketing strategies, providing too many loan options, and setting industry standards, while important aspects of the lending process, do not directly relate to the ethical and consumer protection concerns addressed by the Act in monitoring lender practices. Instead, they reflect broader operational considerations rather than the legal and ethical compliance that the Act seeks to enforce.

**7. What constitutes a violation of the New Jersey Residential Mortgage Lending Act?**

- A. Offering competitive interest rates
- B. Engaging in lending practices that are deceptive, fraudulent, or predatory**
- C. Providing full disclosure to borrowers
- D. Encouraging borrowers to refinance

Engaging in lending practices that are deceptive, fraudulent, or predatory is a clear violation of the New Jersey Residential Mortgage Lending Act. This act aims to protect consumers from dishonest and harmful practices in the mortgage lending process. Deceptive practices can include misleading advertisements, withholding essential information, or methods that take advantage of a borrower's lack of knowledge about financial products. Fraudulent practices can refer to actions that intentionally mislead borrowers for the lender's benefit, such as falsifying documents or income levels. Predatory lending involves imposing unfair and abusive loan terms to take advantage of vulnerable borrowers, often leading them into cycles of debt. In contrast, offering competitive interest rates, providing full disclosure to borrowers, and encouraging refinancing do not constitute violations of the act, provided these actions are conducted transparently and ethically. Competitive interest rates are a common practice in the lending industry and can benefit borrowers. Full disclosure is an essential requirement under the act, ensuring that borrowers understand the terms and conditions of their mortgage fully. Encouraging refinancing can be beneficial for borrowers when it serves their financial interests by potentially lowering their monthly payments or consolidating debt, as long as those actions are not depicted in a misleading manner.

**8. What is the purpose of the Loan Estimate (LE) form required by the New Jersey Residential Mortgage Lending Act?**

- A. To provide a detailed annual report
- B. To offer prospective borrowers clear and transparent loan terms**
- C. To list all potential fees after closing
- D. To allow lenders to charge higher interest rates

The Loan Estimate (LE) form serves a crucial role in ensuring that prospective borrowers fully understand the terms of their loan before they commit to a mortgage. By offering clear and transparent loan terms, the LE lays out important details such as the estimated monthly payment, interest rate, closing costs, and other critical aspects of the loan. This transparency helps borrowers compare different loan offers and equips them with the necessary information to make informed decisions about which mortgage best meets their needs. The other options do not align with the primary purpose of the Loan Estimate. While detailed annual reports and post-closing fee disclosures may be important in their own contexts, they do not reflect the immediate goal of the LE, which is focused on pre-approval clarity for borrowers. Similarly, the LE is not intended to facilitate higher interest rates; instead, it aims to promote fairness and transparency in the lending process, ultimately serving the best interests of consumers in the mortgage market.

**9. What is a “mortgage loan originator” according to New Jersey law?**

- A. An individual who provides financial counseling**
- B. An individual who takes a residential mortgage loan application or negotiates terms**
- C. A lender who distributes loan funds**
- D. An underwriter that evaluates loan applications**

A "mortgage loan originator," as defined by New Jersey law, refers specifically to an individual who takes a residential mortgage loan application or negotiates terms. This definition is crucial because it encapsulates the primary responsibilities of a mortgage loan originator, which involves working directly with borrowers to guide them through the loan application process and facilitate negotiations regarding the loan terms. The role of a mortgage loan originator is foundational in the residential lending ecosystem, as they are often the first point of contact for a mortgage borrower and have the expertise to understand the intricacies of various loan products, helping clients make informed decisions. This position is distinct from those involved in other facets of the lending process, such as evaluating loans or distributing funds, which are carried out by underwriters and lenders, respectively. Understanding this distinction highlights the unique and critical function that mortgage loan originators serve in securing mortgage financing for homebuyers.

**10. What is one thing a Mortgage Broker is prohibited from doing?**

- A. Advising customers**
- B. Making mortgage loans**
- C. Negotiating loan terms**
- D. Collecting loan fees**

A Mortgage Broker is a professional who acts as an intermediary between borrowers and lenders to facilitate the loan application process. However, one critical aspect of their role is that they do not provide direct lending services, which is why making mortgage loans is prohibited for them. Instead, they connect borrowers with lenders who provide the actual loans. This distinction is important because it ensures that mortgage brokers focus on helping clients navigate the lending landscape rather than becoming direct lenders themselves. In contrast, the other options reflect activities that are within the scope of a mortgage broker's responsibilities. Advising customers about loan options and terms, negotiating those terms with lenders on behalf of the borrower, and collecting applicable loan fees are all integral parts of a mortgage broker's function in assisting clients to secure financing for their residential mortgages. Understanding these roles and limitations is crucial for compliance with the New Jersey Residential Mortgage Lending Act, which aims to protect consumers in the mortgage process.

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

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