

# Ohio Mortgage Loan Originator (MLO) 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

- 1. What is the significance of loan-to-value (LTV) ratio?**
  - A. It helps determine the interest rate of the loan**
  - B. It assesses the borrower's creditworthiness**
  - C. It measures the loan amount against the appraised value of the property**
  - D. It defines the payment schedule for the mortgage**
- 2. What is the primary focus of a loan processor's responsibilities?**
  - A. Marketing loan products**
  - B. Communicating with lenders**
  - C. Gathering information for loan processing**
  - D. Managing real estate transactions**
- 3. A licensee is prohibited from which of the following actions?**
  - A. Providing financial advice to borrowers**
  - B. Instructing a borrower to sign mortgage documents containing blanks**
  - C. Advising on loan types**
  - D. Collecting information from borrowers**
- 4. What does RESPA stand for?**
  - A. Real Estate Safeguards and Procedures Act**
  - B. Real Estate Settlement Procedures Act**
  - C. Residential Equity and Security Protection Act**
  - D. Real Estate Servicing Policy Act**
- 5. Why is Kate prohibited from referring an appraisal company to Art?**
  - A. She lacks a license for appraisal services**
  - B. Kate's brother owns the appraisal company**
  - C. She is receiving a commission from the referral**
  - D. The appraisal company is not licensed**



- 6. When is PMI typically required?**
- A. When a borrower puts down less than 10% for a conventional loan**
  - B. When a borrower puts down less than 25% for a conventional loan**
  - C. When a borrower puts down less than 20% for a conventional loan**
  - D. When the borrower's credit score is below 700**
- 7. What does the term "escrow" refer to in real estate transactions?**
- A. A type of loan**
  - B. A financial arrangement where a third party holds funds or documents until certain conditions are met**
  - C. A schedule of payments**
  - D. A real estate investment strategy**
- 8. What is the purpose of the NMLS?**
- A. To track real estate transactions**
  - B. To maintain a database of licensed mortgage loan originators**
  - C. To provide training resources for MLOs**
  - D. To oversee mortgage companies**
- 9. What does the acronym TRID stand for?**
- A. Truth in Real Estate and Disclosure**
  - B. TILA-RESPA Integrated Disclosure**
  - C. Title Regulation in Debt**
  - D. Transfer of Real Estate In Deeds**
- 10. What does the term "hard inquiry" refer to regarding credit?**
- A. A check on a borrower's credit that does not affect the score**
  - B. A check on a borrower's credit report that can slightly lower their credit score**
  - C. A review of a borrower's financial statements**
  - D. An automatic credit assessment by online platforms**

## **Answers**

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

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## **Explanations**

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- 1. What is the significance of loan-to-value (LTV) ratio?**
- A. It helps determine the interest rate of the loan**
  - B. It assesses the borrower's creditworthiness**
  - C. It measures the loan amount against the appraised value of the property**
  - D. It defines the payment schedule for the mortgage**

The loan-to-value (LTV) ratio is significant because it measures the loan amount compared to the appraised value of the property. This ratio is crucial for both lenders and borrowers, as it indicates the level of risk involved in the loan transaction. A higher LTV ratio suggests that the borrower is financing a larger portion of the property's value, which may increase the risk for the lender, potentially leading to stricter lending criteria or higher interest rates. Conversely, a lower LTV indicates a more substantial down payment and less risk to the lender. Understanding the LTV ratio is essential in the mortgage process, as it influences decisions regarding loan approval, the types of mortgage products available, and potential mortgage insurance requirements. Overall, the LTV ratio plays a key role in facilitating informed lending and borrowing decisions in real estate transactions.

- 2. What is the primary focus of a loan processor's responsibilities?**
- A. Marketing loan products**
  - B. Communicating with lenders**
  - C. Gathering information for loan processing**
  - D. Managing real estate transactions**

The primary focus of a loan processor's responsibilities is to gather information for loan processing. This involves collecting and organizing all necessary documents and financial information from borrowers to ensure that the loan application is complete and meets the lender's requirements. The loan processor plays a critical role in preparing the file for underwriting, verifying details such as income, employment, credit history, and other pertinent information necessary for the approval of the loan. While marketing loan products, communicating with lenders, and managing real estate transactions are important functions within the mortgage industry, they are not the main responsibilities of a loan processor. Marketing is typically handled by sales teams or marketing professionals, communication with lenders is often a function of loan officers or mortgage brokers, and the management of real estate transactions usually falls under the purview of real estate agents or professionals skilled in property transactions. The loan processor's role is specifically centered on compiling and processing the documentation that supports a borrower's mortgage application.

**3. A licensee is prohibited from which of the following actions?**

- A. Providing financial advice to borrowers**
- B. Instructing a borrower to sign mortgage documents containing blanks**
- C. Advising on loan types**
- D. Collecting information from borrowers**

The prohibition against instructing a borrower to sign mortgage documents containing blanks is rooted in the need for clarity and legal integrity in loan transactions. Signing a document with blanks can lead to serious issues, such as fraud or the misuse of the signed agreement, as borrowers may not be fully aware of the terms they are agreeing to. This practice does not align with industry standards that promote transparency and protect consumers. In contrast, providing financial advice on loan types and advising borrowers on their options can be part of the mortgage loan originator's role, as these activities are fundamental to helping borrowers make informed decisions. Collecting information from borrowers is also a typical and necessary action for loan processing and underwriting. Therefore, the prohibition specifically highlights the critical importance of ensuring that all documents are complete and explicit before a borrower commits to them, safeguarding both the borrower and the lender.

**4. What does RESPA stand for?**

- A. Real Estate Safeguards and Procedures Act**
- B. Real Estate Settlement Procedures Act**
- C. Residential Equity and Security Protection Act**
- D. Real Estate Servicing Policy Act**

RESPA stands for the Real Estate Settlement Procedures Act. This federal legislation was enacted to provide consumers with important information about the costs involved in the buying and refinancing of homes. RESPA's primary purpose is to ensure transparency in the settlement process, helping consumers understand the various fees and expenses associated with real estate transactions. It regulates the practices of lenders, mortgage brokers, and other entities involved in the closing of a mortgage loan. RESPA mandates that borrowers receive a Good Faith Estimate of closing costs and the HUD-1 Settlement Statement, both of which break down the total costs associated with the transaction. Understanding the provisions of RESPA is critical for mortgage loan originators, as it impacts how they interact with clients and comply with federal regulations in the lending process.

**5. Why is Kate prohibited from referring an appraisal company to Art?**

- A. She lacks a license for appraisal services**
- B. Kate's brother owns the appraisal company**
- C. She is receiving a commission from the referral**
- D. The appraisal company is not licensed**

When an individual is involved in real estate transactions, they must adhere to various regulations designed to prevent conflicts of interest and ensure transparency. In this scenario, Kate is prohibited from referring an appraisal company to Art because her brother owns that company. This relationship creates a potential conflict of interest since Kate could benefit financially or otherwise from the business provided to the company due to their familial connection. The prohibition exists to maintain the integrity of the appraisal process, which needs to be independent and impartial. If appraisers have a personal connection to the parties involved, it could compromise their objectivity and lead to biased appraisals. Therefore, even if Kate believes her brother's company would provide a fair appraisal, the appearance of impropriety and the potential for bias are reasons why that referral is prohibited.

**6. When is PMI typically required?**

- A. When a borrower puts down less than 10% for a conventional loan**
- B. When a borrower puts down less than 25% for a conventional loan**
- C. When a borrower puts down less than 20% for a conventional loan**
- D. When the borrower's credit score is below 700**

Private Mortgage Insurance (PMI) is typically required when a borrower puts down less than 20% for a conventional loan. This requirement exists because a lower down payment represents a higher risk for lenders, as it indicates less equity in the property from the outset. By requiring PMI, lenders protect themselves against potential losses if the borrower defaults on the loan. Essentially, PMI serves as a safeguard that allows lenders to provide loans to borrowers who may not have substantial savings for a larger down payment, thus helping them achieve homeownership even with less equity upfront. In most cases, once the borrower reaches 20% equity in the home through paying down the loan or appreciation in property value, they can request to have the PMI removed.

**7. What does the term "escrow" refer to in real estate transactions?**

**A. A type of loan**

**B. A financial arrangement where a third party holds funds or documents until certain conditions are met**

**C. A schedule of payments**

**D. A real estate investment strategy**

The term "escrow" in real estate refers to a financial arrangement where a neutral third party holds funds or documents on behalf of the parties involved in a transaction until specific conditions are met. This process is crucial in ensuring that both the buyer and seller fulfill their obligations before the property is officially transferred. For instance, the buyer might deposit funds into escrow, and the seller will provide the necessary documents. Once all conditions—such as inspections or financing—are satisfied, the third party releases the funds to the seller and the documents to the buyer, thus protecting both parties in the transaction. This understanding of escrow is foundational in real estate dealings, as it secures the interests of both the buyer and the seller, mitigates risks, and helps move the transaction forward smoothly. Other options, like a type of loan, a schedule of payments, or an investment strategy, do not encapsulate the concept of escrow and instead refer to different aspects of real estate and financial processes.

**8. What is the purpose of the NMLS?**

**A. To track real estate transactions**

**B. To maintain a database of licensed mortgage loan originators**

**C. To provide training resources for MLOs**

**D. To oversee mortgage companies**

The NMLS (Nationwide Multistate Licensing System) serves the crucial role of maintaining a comprehensive database of licensed mortgage loan originators. This centralized system allows for the tracking and regulation of MLOs across various states, ensuring they meet the necessary licensing requirements and comply with federal and state regulations. By maintaining this database, the NMLS helps to promote transparency and accountability in the mortgage industry, giving consumers access to critical information about the professionals they may engage with. While tracking real estate transactions, providing training resources, and overseeing mortgage companies are important aspects of the broader industry, they do not accurately define the primary purpose of the NMLS. The focus of the NMLS is specifically on licensing and regulation, making it a vital resource for ensuring that mortgage loan originators operate within the legal frameworks established for consumer protection and industry integrity.



## 9. What does the acronym TRID stand for?

- A. Truth in Real Estate and Disclosure
- B. TILA-RESPA Integrated Disclosure**
- C. Title Regulation in Debt
- D. Transfer of Real Estate In Deeds

The acronym TRID stands for TILA-RESPA Integrated Disclosure. This regulation, which was implemented as part of the Dodd-Frank Act, combines the disclosure requirements of the Truth in Lending Act (TILA) and the Real Estate Settlement Procedures Act (RESPA) into a single, streamlined report. This integration aims to provide borrowers with clearer and more concise information regarding the mortgage lending process, closing costs, and the terms of their loan, thereby enhancing consumer understanding and protecting them from deceptive practices. The other options do not accurately reflect the TRID regulation. For instance, the first choice incorrectly suggests a focus strictly on real estate rather than integrating the specific federal acts. The third option presents a misleading combination of terms that do not correspond to any widely recognized regulation. Lastly, the fourth choice introduces concepts that do not relate to the specific consumer finance protections established under TRID. Understanding TRID is essential for mortgage loan originators as it impacts how they disclose financial information to borrowers.

## 10. What does the term "hard inquiry" refer to regarding credit?

- A. A check on a borrower's credit that does not affect the score
- B. A check on a borrower's credit report that can slightly lower their credit score**
- C. A review of a borrower's financial statements
- D. An automatic credit assessment by online platforms

The term "hard inquiry" specifically refers to a check on a borrower's credit report that can result in a slight decrease in their credit score. Hard inquiries generally occur when a lender or financial institution assesses a borrower's creditworthiness as part of the application process for credit, such as a mortgage, car loan, or credit card. When multiple hard inquiries are made within a short time frame for the same type of credit, they typically have a minimal impact on the credit score. However, lenders interpret repeated hard inquiries as a sign that the borrower may be in financial distress, which is why it can lower the score. Understanding the implications of hard inquiries is crucial for borrowers, as they need to be mindful of how applying for new credit can affect their overall credit profile. Other options do not accurately represent the concept of a hard inquiry. A soft inquiry, for instance, does not affect credit scores, while a review of financial statements pertains to evaluations of income rather than credit history. Automatic credit assessments by online platforms typically do not include hard inquiries either. Thus, only the option that defines a hard inquiry as a credit check that can slightly lower one's credit score is the accurate description.

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

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