

QUALIFIED AND NON-QUALIFIED MORTGAGE ESSENTIALS PRACTICE TEST (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

VISIT US ONLINE FOR
THE FULL VERSION STUDY GUIDE

<https://qualnonqualmortgageessentials.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	15

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. Regarding FHA UFMIP refundability, which statement is correct?**
 - A. Refundable within 3 years
 - B. Nonrefundable, except when applied to another FHA loan within 3 years
 - C. Refundable after 5 years
 - D. Nonrefundable with no exceptions
- 2. In VA underwriting, what does the Residual Income Analysis assess?**
 - A. Evaluates remaining income for living expenses when DTI exceeds 41%
 - B. Evaluates property tax burden
 - C. Calculates loan-to-value ratio
 - D. Assesses credit history length
- 3. The conclusive presumption of compliance qualification is primarily intended to facilitate underwriting for which category?**
 - A. Prime loans meeting general QM standards
 - B. Subprime adjustable-rate loans
 - C. FHA-insured loans
 - D. Private label loans
- 4. For borrowers with credit scores of 500-579, FHA financing is up to what LTV?**
 - A. 70% LTV
 - B. 80% LTV
 - C. 85% LTV
 - D. 90% LTV
- 5. What is the primary purpose of the Closing Disclosure?**
 - A. To summarize borrower's income
 - B. To list all loan options from competing lenders
 - C. To disclose the final loan terms and the closing costs
 - D. To verify the borrower's employment

6. VA First-Time Down Payment Requirement

- A. \$5,000 minimum down payment.
- B. \$0 down payment required for eligible veterans.
- C. 5% down payment.
- D. 0% is never allowed.

7. What is the commonly cited DTI cap for General QM?

- A. 36%
- B. 50%
- C. 60%
- D. 43%

8. What is the effect of the conclusive presumption of compliance on underwriting for eligible loans?

- A. It eliminates the need to verify income
- B. It allows a presumption of QM compliance for prime loans meeting general QM standards
- C. It requires lenders to lower credit scores
- D. It applies to all loan approvals automatically

9. What down payment corresponds to the maximum FHA LTV of 96.5%?

- A. 3.5% down
- B. 5% down
- C. 10% down
- D. 0% down

10. Which factor would cause a loan to be Non-QM due to non-traditional income?

- A. Traditional income and standard DTI
- B. Balloon payments and high fees
- C. High credit score with low DTI
- D. Non-traditional income or assets, or features like high fees, high DTI, balloon

Answers

SAMPLE

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

SAMPLE

Explanations

SAMPLE

1. Regarding FHA UFMIP refundability, which statement is correct?

- A. Refundable within 3 years
- B. Nonrefundable, except when applied to another FHA loan within 3 years**
- C. Refundable after 5 years
- D. Nonrefundable with no exceptions

UFMIP, the upfront Mortgage Insurance Premium for FHA loans, is normally nonrefundable. The only exception is when you obtain another FHA loan within three years of the original loan; in that case, the UFMIP you already paid can be applied toward the new loan's UFMIP credit, rather than giving you a cash refund. This means you don't lose the previous premium—you just carry its value into the new FHA loan within that three-year window. The other options don't fit because there isn't a cash refund after a set period like five years, and the rule isn't that it's fully refundable without an exception.

2. In VA underwriting, what does the Residual Income Analysis assess?

- A. Evaluates remaining income for living expenses when DTI exceeds 41%**
- B. Evaluates property tax burden
- C. Calculates loan-to-value ratio
- D. Assesses credit history length

Residual income analysis in VA underwriting looks at how much income is left after paying all monthly debts and estimated living expenses, to ensure the borrower can support the loan and maintain a reasonable standard of living. This approach becomes particularly important when the debt-to-income ratio is high (often around 41% or more), because it provides a clearer picture of actual affordability beyond the raw DTI figure. It's not about the property tax burden, the loan-to-value ratio, or the length of the borrower's credit history. If the residual income meets VA minimums (which vary by family size and location), the loan is more likely to be approved; if not, compensating factors may be considered or the loan may be denied.

3. The conclusive presumption of compliance qualification is primarily intended to facilitate underwriting for which category?

- A. Prime loans meeting general QM standards**
- B. Subprime adjustable-rate loans
- C. FHA-insured loans
- D. Private label loans

The conclusive presumption of compliance qualification is a safe harbor in the Qualified Mortgage framework. It means that if a loan is a general QM and meets all the standard general QM criteria, the lender is conclusively presumed to have complied with the ability-to-repay requirement. This design helps underwriting move more smoothly for prime, conventional mortgages, since these loans are structured to be lower risk and follow consistent rules (such as fully amortizing payments, reasonable terms, and a cap on points and fees). Because of that, the underwriting can rely on the presumption rather than evaluating ATR from scratch for each detail. Subprime or non-QM loans typically do not qualify for this safe harbor, and FHA-insured loans follow their own HUD underwriting framework rather than the general QM safe harbor. Private label loans likewise may not meet the general QM standards needed for the conclusive presumption.

4. For borrowers with credit scores of 500-579, FHA financing is up to what LTV?

- A. 70% LTV
- B. 80% LTV
- C. 85% LTV
- D. 90% LTV**

The key idea is how FHA sets the maximum loan amount as a percentage of the home's value (the LTV) based on credit score. For borrowers with a credit score of 500–579, FHA requires a larger down payment to offset higher risk, typically at least 10%. A 10% down payment means you can borrow up to 90% of the purchase price or appraised value (LTV 90%). So, the highest financing you can get in this score range is 90% LTV. (Keep in mind that FHA loans with this credit range also carry mortgage insurance.)

5. What is the primary purpose of the Closing Disclosure?

- A. To summarize borrower's income
- B. To list all loan options from competing lenders
- C. To disclose the final loan terms and the closing costs**
- D. To verify the borrower's employment

The Closing Disclosure is the final, comprehensive document that tells the borrower exactly what the loan terms will be and what the closing costs will amount to. It presents the final loan amount, interest rate, monthly payment, and a detailed, itemized list of all costs associated with the transaction, so you can see the total funds needed at closing and how those numbers compare to what was promised earlier. This disclosure is provided a minimum of three business days before closing, giving time to review and confirm that the terms and costs align with the loan estimate and to request any needed corrections. The other options describe functions outside of this document's purpose—income summaries, employment verification, or listing competing lenders—so they aren't what the Closing Disclosure is for.

6. VA First-Time Down Payment Requirement

- A. \$5,000 minimum down payment.
- B. \$0 down payment required for eligible veterans.**
- C. 5% down payment.
- D. 0% is never allowed.

VA loan financing is designed so eligible veterans can purchase a home with little or no upfront money. Because the loan is guaranteed by the Department of Veterans Affairs, lenders can offer 100% financing up to the county loan limit, meaning a down payment is not required for eligible borrowers in most cases. That's why the statement about a zero down payment for eligible veterans is the best pick. The other options imply a mandatory down payment, which isn't how standard VA loans work (and saying zero down is never allowed is incorrect). There are rare situations where a down payment might be involved, such as when the loan amount exceeds the local VA loan limit or to cover a funding fee, but those are not the typical first-time down payment rule.

7. What is the commonly cited DTI cap for General QM?

- A. 36%
- B. 50%
- C. 60%
- D. 43%**

The main idea is the debt-to-income ratio limit that defines a General QM. For a loan to qualify as a General QM under the Ability-to-Repay rule, the borrower's DTI must not exceed 43%. DTI is calculated by dividing total monthly debt payments by gross monthly income, so this cap ensures borrowers have enough income to support their debt load. The 43% threshold is the standard safe-harbor benchmark for General QM, which is why it's the commonly cited figure. The other percentages aren't the General QM limit; they may appear in different underwriting contexts, but they do not define General QM eligibility.

8. What is the effect of the conclusive presumption of compliance on underwriting for eligible loans?

- A. It eliminates the need to verify income
- B. It allows a presumption of QM compliance for prime loans meeting general QM standards**
- C. It requires lenders to lower credit scores
- D. It applies to all loan approvals automatically

The underwriting concept being tested is that a general QM loan carries a safe harbor: if a prime loan meets the general QM standards, it is conferred a conclusive presumption of being compliant with the ability-to-repay rule. In practical terms, when a loan qualifies as a general QM and fits the established criteria (such as features permitted under the general QM standards and price/points thresholds), the lender is automatically presumed to have satisfied the ATR underwriting requirements. This streamlines the process and reduces risk for the lender, because the loan is treated as compliant without needing additional underwriting beyond the QM criteria. It's not about eliminating income verification altogether, nor about lowering credit scores, and it doesn't apply to every loan—only eligible prime loans that meet the general QM standards receive this presumption.

9. What down payment corresponds to the maximum FHA LTV of 96.5%?

- A. 3.5% down**
- B. 5% down
- C. 10% down
- D. 0% down

LTV is the portion of the purchase price financed with the loan. If the maximum FHA LTV is 96.5%, that means you would be borrowing 96.5% of the price and paying the remaining 3.5% as a down payment. So the down payment corresponding to the maximum LTV is 3.5% of the purchase price. The other down payment amounts would reduce the loan-to-value (for example, 5% down would yield 95% LTV, 10% down would yield 90% LTV, and 0% down isn't permitted for FHA).

10. Which factor would cause a loan to be Non-QM due to non-traditional income?

- A. Traditional income and standard DTI
- B. Balloon payments and high fees
- C. High credit score with low DTI

D. Non-traditional income or assets, or features like high fees, high DTI, balloon

Non-QM loans are those that don't meet the standard Qualified Mortgage rules, often because they rely on non-traditional income or assets or include features that QM disallows. If the loan uses non-traditional income verification (like income based on assets or bank statements, or other less conventional documentation) or carries features such as high fees, a high debt-to-income ratio, or a balloon payment, it wouldn't qualify as a QM. That's why the option describing non-traditional income or assets, or such risky features, is the best answer. Traditional income with standard DTI generally fits QM and wouldn't be Non-QM.

SAMPLE

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://qualnonqualmortgageessentials.examzify.com>

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

SAMPLE