Qualified Financial Adviser (QFA) Loans Exam 1 Practice Test (Sample)

Study Guide

BY EXAMZIFY

Everything you need from our exam experts!

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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

1. **Which of the following incentives does the government funded Help to Buy Scheme provide to eligible first-time buyers?**
   - A. Refund of any Capital Gains Tax paid.
   - B. Unlimited threshold for Capital Acquisitions Tax.
   - C. Refund of Income Tax and DIRT.
   - D. Refund of Stamp Duty.

2. **Which of the following describes collateral security in a mortgage context?**
   - A. The property being bought is the only security.
   - B. A guarantor's personal pledge forms part of the security.
   - C. The guarantor is the sole security.
   - D. Another asset provided as security in addition to the mortgage.

3. **Which entity constrains the 90% LTV limit for first-time buyers?**
   - A. Money laundering regs
   - B. Central Bank of Ireland
   - C. Lender's resources
   - D. None

4. **Under the Consumer Protection Code 2012, which financing arrangement is NOT covered?**
   - A. Hire-purchase financing.
   - B. Jennifer debt management firm involvement.
   - C. Ross life assurance policy with a Credit Union.
   - D. Janet personal loan

5. **Before a mortgage can be drawn down, what must Regal Mortgage Brokers Ltd submit to Suir Bank under the Consumer Protection Code?**
   - A. B Signed Declaration That They Have Seen All Original Documentation Supporting the Loan Application
   - B. A Copy of Their Mortgage Intermediary Authorisation
   - C. C Tax Clearance Certificate
   - D. D Signed Declaration That They Have Not Engaged in Conditional Lending

6. **A lender is allowed to make an unsolicited telephone call to a potential customer if:**
   - A. they wish to offer the client a protection policy.
   - B. they wish to offer the client a housing loan.
   - C. the individual is listed in the residential telephone book.
   - D. the potential customer is related to an existing customer.

7. **Which of the following factors does a lender look at when assessing the MAXIMUM loan it is prepared to offer an individual borrower? (i) Profit the loan will generate. (ii) Borrower's loan to income limit. (iii) Loan to Value ratio.**
   - A. (ii) and (iii) only.
   - B. (i) and (ii) only.
   - C. (i) and (iii) only.
   - D. (i), (ii) and (iii).

8. **Under MARP, when do mortgage arrears arise?**
   - A. As soon as a full mortgage repayment is not made as required by the contract
   - B. 14 days after a missed payment
   - C. 21 days after a missed payment
   - D. 31 days after a missed payment

9. **In the example where Alice borrowed €250,000, the outstanding balance is €225,000 and the market value is €175,000. What is her negative equity?**
   - **A. €25,000**
   - **B. €50,000**
   - **C. €75,000**
   - **D. €90,000**

10. **Under the CCMA, a regulated entity can impose further charges on arrears arising on a mortgage account when:**
    - **A. Arrears have been outstanding for more than 12 months.**
    - **B. The borrower is not co-operating.**
    - **C. The loan amount is greater than the property value.**
    - **D. The loan amount is less than the value of the arrears.**

Answers

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

Explanations

1. **Which of the following incentives does the government funded Help to Buy Scheme provide to eligible first-time buyers?**

   A. Refund of any Capital Gains Tax paid.

   B. Unlimited threshold for Capital Acquisitions Tax.

   C. Refund of Income Tax and DIRT.

   D. Refund of Stamp Duty.

The incentive being tested is the refund of taxes already paid to help first-time buyers boost their deposit. The Help to Buy Scheme in Ireland refunds Income Tax and DIRT (Deposit Interest Retention Tax) paid in the previous four tax years to eligible buyers purchasing a new home. This makes it easier to raise the upfront funds needed for the purchase. It is not a refund of Capital Gains Tax, not an unlimited threshold for Capital Acquisitions Tax, and not a refund of Stamp Duty under this scheme. The focus is on returning tax you've already paid on income and savings to support buying a new home.

2. **Which of the following describes collateral security in a mortgage context?**

   A. The property being bought is the only security.

   B. A guarantor's personal pledge forms part of the security.

   C. The guarantor is the sole security.

   D. Another asset provided as security in addition to the mortgage.

Collateral security means pledging an extra asset to back the loan, in addition to the primary security of the mortgaged property. The home provides the main protection for the lender, but collateral security adds another layer of protection by giving recourse to other assets if the borrower defaults. This can include cash, shares, another property, or other valuable assets. The other descriptions don’t fit because they describe using only the property as security, or a personal guarantee, which is a different form of protection rather than an additional asset pledged as collateral.

3. **Which entity constrains the 90% LTV limit for first-time buyers?**

   A. Money laundering regs

   B. Central Bank of Ireland

   C. Lender's resources

   D. None

Lending against property is capped by regulator rules designed to curb risk in the mortgage market. In Ireland, the Central Bank sets macroprudential mortgage rules, including the maximum loan-to-value ratios for new mortgages. For first-time buyers purchasing a primary residence, the cap is up to 90% LTV, meaning lenders can’t offer loans larger than 90% of the property’s value to those borrowers. This constraint is imposed by the Central Bank to promote prudence and financial stability, not by the lender’s own preferences or by AML rules. Money laundering regulations focus on verifying funds and customer identity, not on limiting how much can be borrowed against a property. Lenders’ internal resources can influence product availability, but the explicit limit comes from the Central Bank’s rules.

4. Under the Consumer Protection Code 2012, which financing arrangement is NOT covered?

A. Hire-purchase financing.

B. Jennifer debt management firm involvement.

C. Ross life assurance policy with a Credit Union.

D. Janet personal loan

The question tests what types of credit and related arrangements the Consumer Protection Code 2012 applies to. The Code focuses on how regulated lenders and credit-related service providers must conduct business, including clear disclosures, fair treatment, and protection for consumers in borrowing situations. Hire-purchase financing is not covered because it is a method of purchasing goods where the seller or a retailer offers credit but the arrangement is primarily a sale of goods with credit terms, not a standard loan from a regulated lender under the Code. The protections of the CPC are geared toward lending arrangements with regulated financial service providers and the handling of credit contracts by those providers. In contrast, typical hire-purchase contracts sit outside the Code's scope in this context, so they aren't governed by its protections. The other scenarios fall within the Code's reach: dealing with a debt management firm involves financial services advice and management that the Code regulates; a life assurance policy sold through a credit union is a financial product offered by a regulated institution and covered; and a straightforward personal loan is a classic credit agreement that the Code regulates. So, hire-purchase financing is the arrangement not covered.

5. Before a mortgage can be drawn down, what must Regal Mortgage Brokers Ltd submit to Suir Bank under the Consumer Protection Code?

A. B Signed Declaration That They Have Seen All Original Documentation Supporting the Loan Application

B. A Copy of Their Mortgage Intermediary Authorisation

C. C Tax Clearance Certificate

D. D Signed Declaration That They Have Not Engaged in Conditional Lending

Before funds can be drawn, lenders require a verification step under the Consumer Protection Code: the mortgage intermediary must sign a declaration stating that they have seen all the original documents that support the loan application. This ensures the bank can rely on verified information, confirming that identity, income, asset, and other key details have been checked against the originals rather than just copies. It's a safeguard against misrepresentation and helps protect both the borrower and the lender. The other options aren't the required submission for drawdown: the bank already has authorisation details, a tax clearance certificate isn't part of the drawdown verification, and a declaration about conditional lending isn't the mandated CP Code submission for this stage.

6. A lender is allowed to make an unsolicited telephone call to a potential customer if:

- **A. they wish to offer the client a protection policy.**
- **B. they wish to offer the client a housing loan.**
- **C. the individual is listed in the residential telephone book.**
- **D. the potential customer is related to an existing customer.**

Unsolicited calls are generally restricted to prevent cold marketing, but there is a specific exception that applies to offering a protection policy. A protection policy is a loan-related insurance product designed to help with loan repayments in events like death or disability. Because this is an optional, protective product linked to the loan, it may be discussed with a potential customer in a telemarketing context. Marketing a housing loan by phone is typically not permitted as a cold call, since it promotes a credit product. Being listed in a public telephone directory or being related to an existing customer does not, by itself, create permission to initiate unsolicited marketing calls under these rules. So the only scenario that fits the exception is offering a protection policy.

7. Which of the following factors does a lender look at when assessing the MAXIMUM loan it is prepared to offer an individual borrower? (i) Profit the loan will generate. (ii) Borrower's loan to income limit. (iii) Loan to Value ratio.

- **A. (ii) and (iii) only.**
- **B. (i) and (ii) only.**
- **C. (i) and (iii) only.**
- **D. (i), (ii) and (iii).**

The maximum amount a lender is willing to offer is shaped by how the loan will perform for the lender in terms of risk and return, whether the borrower can actually repay, and whether the collateral supports that amount. First, profit the loan will generate reflects the lender's target return after costs and risk; if pricing and risk allow, they can offer more, but only if other checks permit. Second, the borrower's loan-to-income limit is about serviceability—if the borrower's income and existing obligations don't support larger repayments, the lender caps the loan size accordingly. Third, the loan-to-value ratio compares the loan to the collateral's value; a higher LVR means more risk to the lender and often requires additional safeguards, which can reduce the maximum loan. Together, these factors determine the ceiling: all three can constrain how much is offered, so the maximum loan takes into account profitability, affordability, and collateral value.

8. Under MARP, when do mortgage arrears arise?

A. As soon as a full mortgage repayment is not made as required by the contract

B. 14 days after a missed payment

C. 21 days after a missed payment

D. 31 days after a missed payment

Under MARP, mortgage arrears are triggered the moment a full repayment is not paid as required by the loan contract. The aim is to identify and address problems early, so the lender marks the account as in arrears from the due date and begins the resolution process right away. This means there isn't a waiting period like 14, 21, or 31 days after a missed payment—the arrears status starts as soon as the payment is due and not paid in full. For example, if a payment is due on the due date and isn't paid, the arrears balance begins accruing from that date, not after a set delay.

9. In the example where Alice borrowed €250,000, the outstanding balance is €225,000 and the market value is €175,000. What is her negative equity?

A. €25,000

B. €50,000

C. €75,000

D. €90,000

Negative equity happens when what you owe on a loan is more than what the property is worth. Here, the outstanding loan balance is 225,000 euros and the market value is 175,000 euros. The shortfall is 225,000 minus 175,000, which equals 50,000 euros. So the negative equity is 50,000 euros. This means if Alice sold the property at its current value, she would still need 50,000 euros to pay off the loan. The calculation uses the current outstanding balance, not the original loan amount, which is why the result is 50,000 rather than other figures.

10. Under the CCMA, a regulated entity can impose further charges on arrears arising on a mortgage account when:

A. Arrears have been outstanding for more than 12 months.

B. The borrower is not co-operating.

C. The loan amount is greater than the property value.

D. The loan amount is less than the value of the arrears.

The key idea is that extra charges on mortgage arrears are allowed when the borrower fails to cooperate with the lender's efforts to resolve the arrears. If a borrower stops engaging, withholds information, misses meetings, or does not respond to requests for documentation, the lender incurs additional costs to manage the arrears and may levy charges to cover those costs. The other options don't reflect this behavior-based trigger: simply how long the arrears have existed or the relationship between loan amount and property value are about defaults or collateral, not the borrower's cooperation. So, non-cooperation is the situation that justifies imposing further charges.

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://qfaloans1.examzify.com

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