

Rhode Island Mortgage Law Practice Test (Sample)

Study Guide



Everything you need from our exam experts!

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. Why is it important to obtain title insurance in a mortgage transaction?**
 - A. To ensure that all property taxes are paid**
 - B. To protect against unknown liens or disputes regarding ownership**
 - C. To satisfy lender requirements**
 - D. To reduce overall closing costs**

- 2. Which document verifies a borrower's rights to the property in a mortgage agreement?**
 - A. The loan application**
 - B. The mortgage commitment letter**
 - C. The deed**
 - D. The title insurance policy**

- 3. Who is primarily protected by the purchase of a lender's title insurance policy?**
 - A. Borrowers**
 - B. Lenders**
 - C. Real estate agents**
 - D. Appraisers**

- 4. Which of the following is NOT considered a prohibited act under the Fair Housing Practices Act?**
 - A. Steering towards specific neighborhoods**
 - B. Requiring higher deposits from minorities**
 - C. A landlord choosing a roommate of the same gender**
 - D. Refusing to show properties to certain groups**

- 5. What information does a lender typically require from a borrower?**
 - A. A list of all previous addresses**
 - B. Documentation regarding income, assets, and liabilities**
 - C. A statement of personal beliefs**
 - D. A resume of employment and job history**

6. In what situation can a mortgage in Rhode Island be deemed unconscionable?

- A. If the interest rate is variable**
- B. If the terms are overwhelmingly unfair to the borrower**
- C. If it involves a second mortgage**
- D. If the mortgage was obtained without a credit check**

7. Licensees are prohibited from doing which of the following in relation to escrow funds?

- A. Maintaining an escrow account at a federally-insured depository institution**
- B. Accepting fees from loan applicants prior to closing**
- C. Providing statements for escrow accounts**
- D. Transferring escrow funds without consent**

8. Which action is prohibited under the Fair Housing Practices Act?

- A. Discrimination based on race**
- B. Requiring an extra fee from an occupant with an assistive animal**
- C. Favoring applicants with higher income**
- D. Providing special assistance to first-time homebuyers**

9. What is a balloon payment in relation to a mortgage loan?

- A. A payment made at the beginning of the loan term**
- B. A larger than normal final payment due at the end of a loan term**
- C. A periodic payment that remains constant throughout the loan**
- D. A fee charged when making late payments**

10. Under Rhode Island mortgage law, where is a loan originator's unique identifier NOT required to be included?

- A. Loan applications**
- B. Broker's office signs**
- C. Promotional materials**
- D. Websites**

Answers

SAMPLE

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

SAMPLE

Explanations

SAMPLE

1. Why is it important to obtain title insurance in a mortgage transaction?

- A. To ensure that all property taxes are paid**
- B. To protect against unknown liens or disputes regarding ownership**
- C. To satisfy lender requirements**
- D. To reduce overall closing costs**

Obtaining title insurance in a mortgage transaction is crucial primarily because it protects the buyer and lender against unknown liens or disputes regarding ownership. Title insurance provides a safeguard against potential claims that may arise after the property has been purchased. For instance, there could be pre-existing liens from contractors or judgments against previous owners that were not disclosed during the transaction. If such issues come to light after the purchase, title insurance can cover legal fees and costs associated with defending against these claims or resolving disputes regarding rightful ownership. This coverage is essential in ensuring that the buyer has clear and undisputed ownership of the property, which is a fundamental requirement when entering into a mortgage agreement. Although obtaining title insurance may also satisfy certain lender requirements and could influence closing costs, the primary function and the most significant benefit of title insurance is the protection it offers against unforeseen claims or ownership disputes.

2. Which document verifies a borrower's rights to the property in a mortgage agreement?

- A. The loan application**
- B. The mortgage commitment letter**
- C. The deed**
- D. The title insurance policy**

The deed is the correct document that verifies a borrower's rights to the property in a mortgage agreement. It is a legal document that transfers ownership of the property from the seller to the buyer. In the context of a mortgage, the deed demonstrates that the borrower is the legal owner of the property and has the right to encumber it with a mortgage. Essentially, the deed provides proof of ownership and establishes the borrower's rights to the property in question. While the other options play significant roles in the mortgage process, they do not serve as verification of ownership. The loan application is a document that outlines the borrower's financial situation and requests a loan, but it does not confirm rights to the property. The mortgage commitment letter indicates that a lender is willing to issue a loan to the borrower based on provided information, but it also does not confirm the borrower's ownership of the property. Lastly, the title insurance policy protects against loss from title defects, but it does not serve to establish rights over the property; rather, it ensures that the title is clear at the time of closing. Therefore, the deed stands out as the definitive proof of the borrower's rights in the context of a mortgage agreement.

3. Who is primarily protected by the purchase of a lender's title insurance policy?

- A. Borrowers**
- B. Lenders**
- C. Real estate agents**
- D. Appraisers**

The purchase of a lender's title insurance policy primarily protects lenders. This type of insurance safeguards the investment made by the lender in the mortgage loan by ensuring that they have a valid and enforceable first lien on the property over any prior claims or liens. In the event that any title issues arise after the closing, such as undisclosed liens, defects in title, or problems that were not uncovered during the title search, the lender's title insurance will cover the legal costs and losses that may occur. This protection is crucial because if a claim is made that affects the lender's lien or ownership interest in the property, it could potentially threaten their ability to recover the funds loaned to the borrower. This is distinct from borrower's title insurance, which protects the borrower's equity in the property. Real estate agents and appraisers are not primary parties in the insurance policy context, as their roles pertain more to facilitating the transaction and assessing property value, rather than being directly involved in the financial investment represented by a mortgage.

4. Which of the following is NOT considered a prohibited act under the Fair Housing Practices Act?

- A. Steering towards specific neighborhoods**
- B. Requiring higher deposits from minorities**
- C. A landlord choosing a roommate of the same gender**
- D. Refusing to show properties to certain groups**

The choice highlighting a landlord choosing a roommate of the same gender is not considered a prohibited act under the Fair Housing Practices Act. This selection makes sense because the Act primarily guards against discrimination in housing based on certain protected characteristics, such as race, color, national origin, religion, sex, familial status, and disability. The law focuses on ensuring that individuals have equal access to housing opportunities and are not unfairly discriminated against based on the aforementioned criteria. Choosing a roommate based on gender does not inherently violate the principles of fair housing, as it pertains to personal preferences rather than discriminatory practices against a protected class. In contrast, the other options listed—steering towards specific neighborhoods, requiring higher deposits from minorities, and refusing to show properties to certain groups—are all discriminatory practices that violate the Fair Housing Practices Act. These actions perpetuate systemic discrimination and inequality, which the Act aims to eliminate in the housing market.

5. What information does a lender typically require from a borrower?

- A. A list of all previous addresses**
- B. Documentation regarding income, assets, and liabilities**
- C. A statement of personal beliefs**
- D. A resume of employment and job history**

A lender generally requires documentation regarding income, assets, and liabilities from a borrower to assess their financial stability and ability to repay the loan. This information plays a crucial role in the lending process, as it helps the lender evaluate the borrower's creditworthiness and determine appropriate loan amounts, interest rates, and terms. Typical documents in this category include pay stubs, tax returns, bank statements, and information on outstanding debts. By analyzing this data, lenders can make informed decisions based on the borrower's financial health, which directly impacts loan approval. While a list of previous addresses, a statement of personal beliefs, and a resume of employment and job history may provide some background on a borrower, they do not furnish the critical financial information necessary for making lending decisions. Lenders focus more on tangible financial data to mitigate risk and ensure responsible lending practices.

6. In what situation can a mortgage in Rhode Island be deemed unconscionable?

- A. If the interest rate is variable**
- B. If the terms are overwhelmingly unfair to the borrower**
- C. If it involves a second mortgage**
- D. If the mortgage was obtained without a credit check**

A mortgage in Rhode Island can be deemed unconscionable when the terms are overwhelmingly unfair to the borrower. This concept is rooted in the principle that contracts should not be so one-sided that they shock the conscience or are deemed oppressive. In analyzing whether a mortgage is unconscionable, courts typically look at factors such as the disparity in bargaining power, the unfair surprise in the terms, and whether the borrower was made aware of the terms being imposed. When a mortgage agreement contains excessively high fees, exorbitant interest rates, or penalties that disproportionately burden the borrower, it can fall into the category of unconscionability. The law aims to protect vulnerable borrowers from predatory lending practices that exploit their situation or lack of understanding of financial products. The other options do not directly lead to a conclusion of unconscionability. For example, a variable interest rate is common in financial agreements and does not inherently indicate unfairness, nor does the existence of a second mortgage imply unfair terms. Additionally, the lack of a credit check may raise ethical or regulatory concerns, but it does not automatically render the mortgage unconscionable in legal terms. Therefore, the focus must be on the fairness and reasonableness of the agreement as a whole, justifying

7. Licensees are prohibited from doing which of the following in relation to escrow funds?

- A. Maintaining an escrow account at a federally-insured depository institution**
- B. Accepting fees from loan applicants prior to closing**
- C. Providing statements for escrow accounts**
- D. Transferring escrow funds without consent**

The correct answer highlights an important aspect of ethical practices in the mortgage industry. Licensees are prohibited from accepting fees from loan applicants prior to closing because doing so can create a conflict of interest and potentially lead to misleading situations regarding the loan process. This rule is in place to protect consumers from being charged for services that may not be rendered or for costs that are not clearly disclosed prior to formal agreements being made. In the context of escrow funds, it is essential that all handling of these funds is transparent and conducted ethically to maintain trust in the mortgage process. The prohibition against upfront fees ensures that licensees do not take advantage of applicants before they have formally committed to a loan or before due diligence has been carried out. The other choices do not accurately reflect prohibitions on licensees. For example, maintaining an escrow account at a federally-insured depository institution is standard practice, providing security for the funds. Similarly, providing statements for escrow accounts is a responsibility of licensees to keep parties informed and ensure accountability. Transferring escrow funds is typically permissible as long as consent has been obtained, emphasizing the importance of communication and transparency between the parties involved.

8. Which action is prohibited under the Fair Housing Practices Act?

- A. Discrimination based on race**
- B. Requiring an extra fee from an occupant with an assistive animal**
- C. Favoring applicants with higher income**
- D. Providing special assistance to first-time homebuyers**

The Fair Housing Practices Act is designed to prevent discrimination in housing-related matters based on certain protected classes, including race, color, religion, sex, national origin, familial status, and disability. Option B addresses the prohibition against requiring an extra fee from an occupant with an assistive animal, which is directly linked to the rights of individuals with disabilities. Under this law, individuals who require service animals are entitled to certain accommodations without incurring additional fees or deposits. This is crucial for ensuring equal access to housing for people with disabilities. Therefore, imposing an extra fee for an assistive animal would be a discriminatory practice, violating the principles set forth in the Fair Housing Practices Act. In contrast, other options, such as discrimination based on race or favoring applicants with higher income, touch on broader discriminatory practices but may not directly align with specific prohibitions like the one concerning assistive animals. Additionally, providing special assistance to first-time homebuyers is generally encouraged and does not constitute discrimination. Thus, the core aspect of the question highlights the specific prohibition against extra fees for those with assistive animals, underscoring the Act's intent to facilitate fair housing practices for individuals with disabilities.

9. What is a balloon payment in relation to a mortgage loan?

- A. A payment made at the beginning of the loan term
- B. A larger than normal final payment due at the end of a loan term**
- C. A periodic payment that remains constant throughout the loan
- D. A fee charged when making late payments

A balloon payment refers specifically to a larger than normal final payment that is due at the end of a loan term. In the context of certain mortgage loans, especially those that have fixed lower payments for a defined period before the larger final payment becomes due, this type of payment structure can arise. These loans are usually structured such that borrowers pay smaller amounts over the initial period, highlighting the short-term nature of these loans. When the term ends, the borrower must then pay off the remaining balance in one large sum. Such a payment can catch borrowers off guard if they are not adequately prepared for it, as they need to have funds available to cover this significant final amount. This concept is crucial in understanding loan terms and helps borrowers to manage their financial planning accordingly. The other options describe different payment mechanisms that are not specific to the definition of a balloon payment. Specific payments made at the beginning of a loan, periodic payments that remain constant, or late payment fees do not encapsulate the essence of a balloon payment structure.

10. Under Rhode Island mortgage law, where is a loan originator's unique identifier NOT required to be included?

- A. Loan applications
- B. Broker's office signs**
- C. Promotional materials
- D. Websites

The unique identifier of a loan originator is a crucial element in promoting transparency and accountability within mortgage transactions. Under Rhode Island mortgage law, this identifier must be included in loan applications and promotional advertising, as well as displayed on websites to ensure that consumers can easily verify the identity and license status of the loan originator. In the context of the options provided, the correct answer indicates that a broker's office sign does not require the inclusion of a loan originator's unique identifier. This distinction is likely based on the specific regulatory focus on consumer-facing materials where clarity and identification are paramount for protecting consumers. Signs at broker offices are primarily used for branding and general company identification rather than individual loan transactions. Choosing this as the correct response aligns with the understanding that while identification is essential in direct consumer interactions (like applications and promotional materials), the office signage does not have the same level of regulatory requirement for individual identifiers. This helps streamline the focus on critical consumer interactions where identification plays a vital role.

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://rhodeislandmortgagelaw.examzify.com>

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

SAMPLE