

RHODE ISLAND MORTGAGE LAW PRACTICE TEST (SAMPLE)

STUDY GUIDE



**SAMPLE STUDY GUIDE
WITH LIMITED QUESTIONS**

**VISIT US ONLINE FOR
THE FULL VERSION STUDY GUIDE**

<https://rhodeislandmortgagelaw.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	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. What does a Borrower's Certificate indicate?

- A. It confirms the borrower's intent to proceed with a mortgage application after receiving disclosures
- B. It serves as a proposal for loan terms to the lender
- C. It guarantees loan approval regardless of further verification
- D. It is a statement of the borrower's credit history

2. What is the maximum prepayment penalty allowed in Rhode Island for loans?

- A. 1%
- B. 2%
- C. 3%
- D. 4%

3. 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

4. What is a requirement for a valid mortgage contract in Rhode Island?

- A. A verbal agreement between parties
- B. A written agreement signed by the borrower and properly recorded
- C. A notarized document without recording
- D. A lease agreement alongside the mortgage

5. How does the Rhode Island Property Disclosure Act impact mortgage transactions?

- A. It regulates mortgage interest rates
- B. It requires property defect disclosures from sellers
- C. It limits the amount lenders can charge for closing costs
- D. It mandates property appraisals before loan approval

- 6. Under the Fair Housing Practices Act, a religious organization may limit availability of housing to other members of the same religion unless membership is based on what?**
- A. Race
 - B. Sex
 - C. Age
 - D. Income
- 7. How many hours of education on Rhode Island law must a candidate complete before licensure?**
- A. One hour
 - B. Three hours
 - C. Five hours
 - D. Ten hours
- 8. Which of the following provides criteria to define high-cost loans?**
- A. State legislation
 - B. Federal law
 - C. Bank policies
 - D. Real estate regulations
- 9. When making a licensing decision, which of the following disclosures of background information would be considered irrelevant?**
- A. A loan originator with a DUI less than 12 months old
 - B. Bankruptcy filed over 5 years ago
 - C. Felony conviction over 10 years ago
 - D. Recent civil lawsuits
- 10. When must the High-Cost Home Loan Disclosure be provided?**
- A. After loan approval
 - B. Upon closing of the loan
 - C. At the time it is determined that a loan is high cost
 - D. Before loan application

Answers

SAMPLE

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

SAMPLE

Explanations

SAMPLE

1. What does a Borrower's Certificate indicate?

- A. It confirms the borrower's intent to proceed with a mortgage application after receiving disclosures
- B. It serves as a proposal for loan terms to the lender
- C. It guarantees loan approval regardless of further verification
- D. It is a statement of the borrower's credit history

A Borrower's Certificate is a document that confirms the borrower's intent to proceed with a mortgage application after receiving necessary disclosures, such as interest rates, terms, and associated costs. This certificate typically signifies the borrower's acknowledgment of the information provided and their decision to move forward with the lending process. This step is crucial in the mortgage application journey, as it allows both the borrower and the lender to establish a clear understanding regarding the terms of the loan and the borrower's commitment to the process. It is an important part of the regulatory requirements to ensure that borrowers have been adequately informed and have confirmed their intent before further steps are taken. In contrast, other options, like serving as a proposal for loan terms or guaranteeing loan approval, misconstrue the purpose of this certificate. They imply processes or commitments that are not actually reflected in the Borrower's Certificate. Additionally, it does not function as a statement of the borrower's credit history, which is a separate matter reviewed during the loan approval process.

2. What is the maximum prepayment penalty allowed in Rhode Island for loans?

- A. 1%
- B. 2%
- C. 3%
- D. 4%

In Rhode Island, the law permits lenders to charge a maximum prepayment penalty of up to 2% on loans. This regulation is in place to protect borrowers from excessive fees when they choose to pay off their loans early. The rationale behind limiting the prepayment penalty is to encourage responsible lending practices and ensure that borrowers are not unduly penalized for taking control of their financial obligations. Understanding this limit is essential for both lenders and borrowers, as it directly impacts decisions related to loan repayment and refinancing. It is crucial for borrowers to know their rights concerning prepayment penalties, as excessive penalties can create significant financial burdens. In Rhode Island, the 2% cap on prepayment penalties helps to foster a fair lending environment.

3. 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.

4. What is a requirement for a valid mortgage contract in Rhode Island?

- A. A verbal agreement between parties
- B. A written agreement signed by the borrower and properly recorded**
- C. A notarized document without recording
- D. A lease agreement alongside the mortgage

For a mortgage contract to be valid in Rhode Island, it is essential that there is a written agreement that is signed by the borrower and properly recorded. This requirement serves several purposes. Firstly, the written document provides clear evidence of the terms and conditions agreed upon by the parties involved, minimizing disputes over what was agreed to. Secondly, recording the mortgage with the appropriate local government office serves to provide public notice that the mortgage exists and ensures that the lender's interest in the property is protected against claims from third parties. Verbal agreements, while they may indicate intent, lack the legal enforceability and clarity that a written and recorded document provides. Notarization also does not substitute for the necessity of recording; without proper recording, the mortgage may not provide the necessary legal protections. Additionally, having a lease agreement alongside a mortgage is not a requirement for a valid mortgage contract. The correct option encompasses all necessary legal elements to make the mortgage effective and enforceable under Rhode Island law.

5. How does the Rhode Island Property Disclosure Act impact mortgage transactions?

- A. It regulates mortgage interest rates
- B. It requires property defect disclosures from sellers**
- C. It limits the amount lenders can charge for closing costs
- D. It mandates property appraisals before loan approval

The correct choice regarding the impact of the Rhode Island Property Disclosure Act on mortgage transactions is that it requires property defect disclosures from sellers. This requirement helps ensure that potential buyers are fully informed about any known issues with the property before completing a transaction, which can significantly affect a buyer's decision to proceed with a purchase. By mandating that sellers disclose material defects, the law aims to promote transparency and protect buyers from unexpected problems that could arise post-purchase. This disclosure includes issues like structural defects, pest infestations, or other significant impairments that could affect the property's value or safety. Understanding these disclosures is fundamental in mortgage transactions because lenders often consider the condition of the property when underwriting a loan. If significant defects are present, a lender may reassess the property's value or even reconsider the loan approval, thereby linking this legal requirement directly to the financing process. The other options do not accurately reflect the role of the Rhode Island Property Disclosure Act. For instance, the Act does not set regulations on interest rates or dictate the costs lenders can charge, nor does it require appraisals before approving loans. Instead, its primary focus is on the transparency of property information to foster a fairer real estate market.

6. Under the Fair Housing Practices Act, a religious organization may limit availability of housing to other members of the same religion unless membership is based on what?

- A. Race
- B. Sex**
- C. Age
- D. Income

Under the Fair Housing Practices Act, religious organizations are generally allowed to limit the availability of housing to members of their own faith. However, this exemption is constrained by the stipulation that membership cannot be based on certain characteristics. In this context, when considering the characteristics of race, sex, age, and income, sex is particularly significant because discrimination based on sex is prohibited under federal fair housing laws. This means that a religious organization cannot restrict housing based on an individual's sex, thus ensuring that both men and women have equal rights to housing, irrespective of religious affiliation. Discrimination based on race, age, or income is not permissible within the same bounds as sex regarding these practices. The Fair Housing Act protects against discrimination based on race and sex in housing, and while age and income can play roles in various housing contexts, they do not carry the same legal prohibitions related to religious housing exemptions under the Fair Housing Practices Act. Therefore, the protection against sexual discrimination ensures a more equitable access to housing opportunities.

7. How many hours of education on Rhode Island law must a candidate complete before licensure?

- A. One hour
- B. Three hours**
- C. Five hours
- D. Ten hours

A candidate must complete three hours of education specifically focused on Rhode Island law before obtaining licensure. This requirement ensures that prospective licensees are familiar with the state's unique legal framework, regulations, and practices governing mortgage transactions. Understanding Rhode Island law is essential for compliance and to ensure that candidates can effectively serve their clients while adhering to state-specific guidelines. This focused education helps to protect both the consumer and the licensed professional by fostering a comprehensive understanding of pertinent legal obligations and best practices within the state's mortgage landscape.

8. Which of the following provides criteria to define high-cost loans?

- A. State legislation
- B. Federal law**
- C. Bank policies
- D. Real estate regulations

Federal law outlines specific criteria to define high-cost loans, primarily through the Home Ownership and Equity Protection Act (HOEPA). This law establishes thresholds for the interest rates and fees that categorize a loan as high-cost, aiming to protect consumers from predatory lending practices. The defining criteria include metrics like the annual percentage rate (APR) compared to the average prime offer rate and the total points and fees charged in relation to the loan amount. By establishing these uniform standards, federal law ensures that borrowers have clear protections against excessively expensive loans that could lead to financial hardship. State legislation may also address high-cost loans but often aligns with or supplements federal guidelines. Bank policies and real estate regulations may establish additional internal standards or guidelines that any given institution or local market might adopt, but ultimately, the definition of high-cost loans is anchored in federal law for consistency across the nation. This comprehensive framework helps consumers understand what constitutes a high-cost loan, thereby facilitating informed borrowing decisions.

9. When making a licensing decision, which of the following disclosures of background information would be considered irrelevant?

- A. A loan originator with a DUI less than 12 months old**
- B. Bankruptcy filed over 5 years ago
- C. Felony conviction over 10 years ago
- D. Recent civil lawsuits

The correct choice relates to the concept of relevance in the context of licensing decisions for loan originators. In Rhode Island, as in many jurisdictions, certain types of past conduct, particularly those that demonstrate responsible behavior over time, may not carry as much weight, especially if they occurred a significant time ago. Bankruptcies filed over five years ago, felony convictions over ten years ago, and recent civil lawsuits can all have implications for assessing a loan originator's qualifications and ethical standards. Specifically, a bankruptcy from more than five years ago is often seen as a matter that the individual has had sufficient time to recover from financially. Likewise, a felony conviction that dates back more than ten years typically reflects that the individual has had a substantial amount of time to reform and demonstrate responsible behavior post-conviction. In contrast, a DUI that is less than 12 months old represents a more recent incident of potential irresponsible behavior, making it relevant to the licensing decision. Recent incidents suggest ongoing issues that may reflect on a loan originator's capability to act responsibly in a fiduciary capacity. Thus, the background information about a bankruptcy or felony conviction that happened a while ago, as well as civil lawsuits that may indicate current litigations, are far more pertinent to the

10. When must the High-Cost Home Loan Disclosure be provided?

- A. After loan approval
- B. Upon closing of the loan
- C. At the time it is determined that a loan is high cost**
- D. Before loan application

The High-Cost Home Loan Disclosure must be provided at the time it is determined that a loan is high cost. This requirement is grounded in the purpose of the disclosure itself, which is to inform borrowers about the nature and risks of high-cost loans before they finalize any agreements or obligations. This early disclosure allows consumers to make informed decisions and ensures compliance with regulations designed to protect them from predatory lending practices associated with high-cost loans. Mandatory disclosure provides critical information at a pivotal moment in the lending process, empowering borrowers with the knowledge they need to evaluate their options and understand the financial implications of their loans. This proactive approach is vital in fostering transparency and accountability in lending practices.

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