

STATISTICS, MODELING AND FINANCE PRACTICE EXAM (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED 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. 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

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- 1. What is the definition of a sample in statistics?**
 - A. A subset of the population selected for analysis
 - B. A characteristic or measure obtained by using the entire population
 - C. A collection of all possible data points
 - D. A measure of the central tendency of a population
- 2. In what year was the Federal Deposit Insurance Corporation (FDIC) created?**
 - A. 1929
 - B. 1933
 - C. 1935
 - D. 1940
- 3. The statistical method used for making predictions based on past data trends is called?**
 - A. predictive analysis
 - B. descriptive statistics
 - C. sample analysis
 - D. inferential statistics
- 4. Considering the following amounts: \$850, \$885, \$910, \$825, \$800, \$900, \$925, what is the mode?**
 - A. \$871
 - B. \$900
 - C. \$885
 - D. there is no mode
- 5. Which federal agency was established to insure bank deposits?**
 - A. FHA
 - B. FHFA
 - C. FNMA
 - D. FDIC

6. What type of mortgage interest rate can vary over time based on an index?

- A. Fixed rate mortgage
- B. Adjustable rate mortgage
- C. Graduated payment mortgage
- D. Conventional mortgage

7. You may purchase an AVM from all of the following EXCEPT?

- A. Fannie Mae
- B. Freddie Mac
- C. Corelogic
- D. ATTOM

8. Which term describes a loan that employs a payment schedule leading to a final lump sum payment?

- A. Adjustable
- B. Term
- C. Balloon
- D. Interest-only

9. In 1968, FNMA was divided into which two organizations?

- A. Fannie Mae and HUD
- B. Fannie Mae and Ginnie Mae
- C. Ginnie Mae and Sallie Mae
- D. Fannie Mae and Freddie Mac

10. How much must be set aside each year at a 6% interest rate to accumulate \$18,000 in 6 years?

- A. \$2,193.88
- B. \$2,434.46
- C. \$2,674.98
- D. \$2,745.45

Answers

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

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Explanations

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1. What is the definition of a sample in statistics?

- A. A subset of the population selected for analysis
- B. A characteristic or measure obtained by using the entire population
- C. A collection of all possible data points
- D. A measure of the central tendency of a population

A sample in statistics is defined as a subset of the population selected for analysis. This means that it consists of a portion of individuals, items, or data points drawn from a larger group, known as the population. The primary purpose of selecting a sample is to make inferences about the entire population without needing to collect data from every single member. By analyzing the sample, statisticians can estimate population parameters, test hypotheses, and derive conclusions that are applicable to the entire population, all while saving time and resources. The other definitions presented do not accurately represent the concept of a sample. The full population refers to the entirety of individuals or data points being studied, while the sample is just a small part of it. A collection of all possible data points would describe a population or the entire data set, rather than a sample. Lastly, a measure of central tendency refers to specific statistical measures such as the mean, median, or mode, which summarize a data set, rather than defining what a sample is.

2. In what year was the Federal Deposit Insurance Corporation (FDIC) created?

- A. 1929
- B. 1933
- C. 1935
- D. 1940

The Federal Deposit Insurance Corporation (FDIC) was created in 1933 in response to the widespread bank failures during the Great Depression. The establishment of the FDIC aimed to restore public confidence in the nation's banking system by providing deposit insurance, which protects depositors' funds in the event of a bank failure. This federal insurance program significantly bolstered the stability of the banking sector and has been pivotal in ensuring that individuals can trust banks with their savings. The establishment of the FDIC marked a significant shift in banking regulation, reflecting the need for stronger safeguards against financial crises.

3. The statistical method used for making predictions based on past data trends is called?

- A. predictive analysis**
- B. descriptive statistics
- C. sample analysis
- D. inferential statistics

The statistical method used for making predictions based on past data trends is indeed referred to as predictive analysis. This approach focuses on using historical data to identify patterns and trends that can inform future outcomes. By analyzing past behaviors and trends, predictive analysis enables analysts to forecast future events or trends, which is highly valuable in various fields such as finance, marketing, and healthcare. Predictive analysis often involves applying techniques such as regression analysis, machine learning, and time series analysis to create models that can predict future values or behaviors based on previous data. This predictive capability is essential for decision-making and strategic planning. The other options represent different aspects of statistics: - Descriptive statistics involves summarizing and describing the characteristics of a dataset but does not focus on making predictions. - Sample analysis pertains to evaluating a subset of a population to infer characteristics about the whole but again does not inherently predict future trends. - Inferential statistics is concerned with making generalizations or inferences about a population based on a sample but does not specialize in prediction as its primary goal. Its primary focus is on hypothesis testing and estimating population parameters. By understanding these distinctions, it's clear why predictive analysis stands out as the appropriate method for making predictions based on historical data trends.

4. Considering the following amounts: \$850, \$885, \$910, \$825, \$800, \$900, \$925, what is the mode?

- A. \$871
- B. \$900
- C. \$885
- D. there is no mode**

The mode of a set of numbers is defined as the value that appears most frequently. In the given amounts—\$850, \$885, \$910, \$825, \$800, \$900, \$925—each number appears only once. Since there are no repeated values in this dataset, there isn't a number that occurs more often than any other. When evaluating the data, we see that while there are multiple unique values, none meet the criteria to be considered the mode, which means that the dataset lacks a mode. Therefore, stating that there is no mode accurately reflects the absence of any repeating values in the provided amounts.

5. Which federal agency was established to insure bank deposits?

- A. FHA
- B. FHFA
- C. FNMA
- D. FDIC**

The federal agency established to insure bank deposits is the Federal Deposit Insurance Corporation (FDIC). Created in 1933 during the Great Depression, the FDIC aims to maintain public confidence in the U.S. financial system by protecting depositors against the loss of their insured deposits if an FDIC-insured bank or savings institution fails. This insurance protects individual accounts up to a certain limit, which provides a safety net for depositors, thereby helping to prevent bank runs and stabilizing the banking system. Other agencies mentioned, such as the Federal Housing Administration (FHA), Federal Housing Finance Agency (FHFA), and Federal National Mortgage Association (FNMA), have different roles primarily focused on housing finance rather than directly insuring bank deposits. FHA provides mortgage insurance on loans made by approved lenders, while FHFA regulates and oversees government-sponsored enterprises like Fannie Mae (FNMA), which focuses on increasing the availability of mortgage financing.

6. What type of mortgage interest rate can vary over time based on an index?

- A. Fixed rate mortgage
- B. Adjustable rate mortgage**
- C. Graduated payment mortgage
- D. Conventional mortgage

An adjustable rate mortgage is a type of mortgage where the interest rate can fluctuate over time. This variation is typically tied to a specific financial index, which reflects broader market interest rates. When the index rises, the mortgage interest rate can increase, and when the index falls, the rate can decrease. This means the borrower's monthly payments can change at specified intervals, which could potentially result in lower initial payments compared to fixed-rate mortgages, making them appealing during times of low interest rates. In contrast, fixed rate mortgages maintain the same interest rate throughout the life of the loan, ensuring predictable monthly payments and stability in financial planning. While graduated payment mortgages feature payments that start low and then increase over time, they do not involve variations based on an index. Conventional mortgages simply refer to loans not insured or guaranteed by the federal government but can be either fixed or adjustable in their interest rate structure. Therefore, the adjustable rate mortgage is the correct answer, as it specifically allows for fluctuations in the interest rate based on market conditions and the chosen index.

7. You may purchase an AVM from all of the following EXCEPT?

A. Fannie Mae

B. Freddie Mac

C. Corelogic

D. ATTOM

An Automated Valuation Model (AVM) is a technology used to estimate property values based on various data factors, including property characteristics, market conditions, and comparable sales. Fannie Mae and Freddie Mac are government-sponsored enterprises (GSEs) primarily involved in mortgage financing and securitization. While they may incorporate AVMs in their processes to assess property values for underwriting and risk management, they do not directly sell or offer AVMs to the public. In contrast, CoreLogic and ATTOM are companies that specialize in real estate data and analytics, including AVMs that they market and sell to lenders, investors, and other real estate professionals. Thus, the correct answer highlights that Fannie Mae is not an entity from which one would directly purchase an AVM, differentiating it from those which are privately owned companies specializing in such services.

8. Which term describes a loan that employs a payment schedule leading to a final lump sum payment?

A. Adjustable

B. Term

C. Balloon

D. Interest-only

The correct term for a loan that utilizes a payment schedule culminating in a final lump sum payment is "balloon." In a balloon loan arrangement, the borrower makes regular payments, typically consisting of interest only or interest and a portion of the principal, until the end of the term. At that point, the remaining balance, which is significantly larger, is due in one final payment known as the balloon payment. This structure is often seen in scenarios where borrowers expect to either refinance before the balloon payment is due or to sell the asset that the loan financed. In contrast, an adjustable loan refers to a type of loan with interest rates that can change periodically based on changes in a corresponding financial index. A term loan is characterized by a fixed repayment schedule over a specified period, with equal payments consisting of both principal and interest. Interest-only loans allow borrowers to pay only the interest for a certain period, with the principal due later but do not inherently involve a lump sum payment at the end. Thus, "balloon" is the most accurate descriptor for a loan that features a scheduled series of smaller payments leading up to a significant final payment.

9. In 1968, FNMA was divided into which two organizations?

- A. Fannie Mae and HUD
- B. Fannie Mae and Ginnie Mae**
- C. Ginnie Mae and Sallie Mae
- D. Fannie Mae and Freddie Mac

The correct answer is that FNMA, commonly known as Fannie Mae, was divided into two organizations: Fannie Mae and Ginnie Mae. To understand this division, it is important to recognize the roles of these entities in the housing finance system. Fannie Mae, established to expand the secondary mortgage market by securitizing mortgages, allows lenders to reinvest their assets into more lending. This helps to provide more mortgage availability for homebuyers. Ginnie Mae, on the other hand, was created to promote home ownership and to facilitate mortgage lending through the issuance of mortgage-backed securities. It guarantees the timely payment of principal and interest on these securities, which primarily consist of government-insured or guaranteed loans. The breakup that resulted in Fannie Mae and Ginnie Mae allowed for a clearer delineation of responsibilities within the mortgage market. While Fannie Mae continued to focus on conventional mortgages, Ginnie Mae's emphasis was on loans backed by federally insured programs, like those from the Federal Housing Administration (FHA) and the Department of Veterans Affairs (VA). The other options do not correctly reflect the historical separation of FNMA. HUD (Housing and Urban Development) is a federal department that oversees various housing issues but is not a direct entity formed from

10. How much must be set aside each year at a 6% interest rate to accumulate \$18,000 in 6 years?

- A. \$2,193.88
- B. \$2,434.46**
- C. \$2,674.98
- D. \$2,745.45

To determine how much needs to be set aside each year at a 6% interest rate to accumulate \$18,000 in 6 years, we can use the future value of an annuity formula. This type of calculation is relevant when you're making regular deposits to grow a certain amount over time at a specified interest rate. The formula for the future value of an annuity is: $FV = P \times \frac{(1 + r)^n - 1}{r}$ Where: - FV is the future value of the annuity (in this case, \$18,000), - P is the annual payment (the amount we want to find), - r is the interest rate per period (6% or 0.06), - n is the total number of payments (6 years). Rearranging the formula to solve for P : $P = \frac{FV \cdot r}{(1 + r)^n - 1}$ Now substituting the known values: $P = \frac{18000 \cdot 0.06}{(1 + 0.06)^6 - 1}$

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://statsmodelingfinance.examzify.com>

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

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