

# TILA Mortgage Loan Officer Practice Test (Sample)

## Study Guide



**Everything you need from our exam experts!**

**This is a sample study guide. To access the full version with hundreds of questions,**

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**SAMPLE**

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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. Don't worry about getting everything right, 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, and take breaks to retain information better.**

## **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.**

## **7. Use Other Tools**

**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!**

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## **Questions**

- 1. What is included in the "finance charge" when calculating the APR?**
  - A. Only the interest paid over the life of the loan**
  - B. Only points and fees required to obtain the loan**
  - C. Interest, points, and any other fees required to obtain the loan**
  - D. Loan servicing costs only**
- 2. Which of the following is included in a loan's finance charge?**
  - A. Mortgage insurance only**
  - B. Loan origination fees**
  - C. Insurance for property only**
  - D. Taxes associated with homeownership**
- 3. Which of the following is NOT required in TILA disclosures?**
  - A. Loan term length**
  - B. Estimated value of collateral**
  - C. Finance charges**
  - D. Annual percentage rate (APR)**
- 4. Which type of loans are primarily governed by TILA?**
  - A. Commercial loans**
  - B. Consumer loans, including mortgages**
  - C. Governmental loans**
  - D. Private investment loans**
- 5. Which type of loans are generally subject to rescission?**
  - A. Purchase transactions mortgages**
  - B. Principal residence refinances with cash-out**
  - C. Home equity lines of credit**
  - D. Commercial property loans**



- 6. What is the requirement for delivering or mailing disclosures as per Regulation Z?**
- A. Four business days before closing**
  - B. Seven business days before the transaction**
  - C. Ten business days before the application**
  - D. One business day before closing**
- 7. What is the primary function of a Loan Estimate?**
- A. To indicate all fees associated with the loan**
  - B. To provide an estimated cost and terms of the loan**
  - C. To finalize the loan conditions**
  - D. To approve the loan application**
- 8. What is a situation that involves a change requested by the consumer?**
- A. Consumer requests a different loan product**
  - B. Consumer provides a new tax return**
  - C. Consumer switches title vendor or needs power of attorney**
  - D. Consumer disagrees with the initial rate**
- 9. What is the consequence if a lender fails to provide the loan estimate on time?**
- A. The loan may be automatically denied**
  - B. The borrower could waive the requirement**
  - C. The borrower may receive compensation**
  - D. The lender may face regulatory penalties**
- 10. What constitutes a mistake in TILA compliance?**
- A. Providing additional loan features**
  - B. Failing to disclose required information**
  - C. Offering competitive interest rates**
  - D. Providing information about loan benefits**

## **Answers**

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

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## **Explanations**

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**1. What is included in the "finance charge" when calculating the APR?**

- A. Only the interest paid over the life of the loan**
- B. Only points and fees required to obtain the loan**
- C. Interest, points, and any other fees required to obtain the loan**
- D. Loan servicing costs only**

The correct understanding of the finance charge in relation to the Annual Percentage Rate (APR) is that it includes interest, points, and any other fees that a borrower must pay in order to obtain the loan. The APR is meant to provide borrowers with a more comprehensive view of the cost of borrowing, as it reflects not only the interest but also various fees that are often associated with loan origination. By incorporating points, which are upfront fees paid to reduce the interest rate, as well as any other borrower-required fees, APR serves to give a clearer picture of the total cost of a loan over time. This unified measure allows consumers to compare different loan offers on a more equal basis, as it considers all costs incurred. In contrast, only including interest or points/fees in isolation would not provide a complete picture of loan expenses and could mislead borrowers about the true cost of financing. Loan servicing costs are also separate from the one-time fees included when calculating the finance charge associated with the APR, indicating that a simplistic view focusing only on servicing costs would not capture the full scope of what it means to finance a loan effectively.

**2. Which of the following is included in a loan's finance charge?**

- A. Mortgage insurance only**
- B. Loan origination fees**
- C. Insurance for property only**
- D. Taxes associated with homeownership**

The finance charge of a loan includes all the costs associated with obtaining the loan that are expressed as a dollar amount. This encompasses various fees that the borrower is required to pay in order to secure the financing. Loan origination fees are one of the key components of the finance charge. These fees are charged by the lender for processing the loan application, underwriting the loan, and other related services. Including these fees in the finance charge provides borrowers with a clearer understanding of the true cost of borrowing, as it helps to illustrate the total expense incurred to acquire the loan. In contrast, mortgage insurance and property insurance are typically not included in the finance charge because they relate to the ongoing costs of owning the home rather than the cost of obtaining the loan itself. Similarly, taxes associated with homeownership do not factor into the finance charge; they are separate and generally recurring expenses that the owner is responsible for throughout ownership, but they are not part of the costs when initially obtaining the mortgage. Therefore, loan origination fees are rightly classified within the finance charge, accurately reflecting the expenses borrowers should anticipate when securing their mortgage loan.

**3. Which of the following is NOT required in TILA disclosures?**

- A. Loan term length**
- B. Estimated value of collateral**
- C. Finance charges**
- D. Annual percentage rate (APR)**

The estimated value of collateral is not a required element in the TILA disclosures. TILA, or the Truth in Lending Act, mandates specific disclosures that lenders must provide to borrowers to ensure transparency regarding the cost of credit. These disclosures are intended to help borrowers understand the terms of their loans and facilitate informed decision-making. The required disclosures under TILA include the loan term length, which gives borrowers an understanding of how long they will be repaying the loan. The finance charges, which represent the total cost of borrowing, are also crucial for borrowers to understand what fees and interest they will be responsible for over the life of the loan. Additionally, the annual percentage rate (APR) is essential as it reflects the cost of borrowing on an annual basis, allowing borrowers to compare different loan offers more effectively. While the estimated value of collateral can be important for securing a loan, it is not mandated to be included in TILA disclosures. This is because TILA focuses on the financial terms and costs associated with the loan rather than the specifics of the collateral backing it.

**4. Which type of loans are primarily governed by TILA?**

- A. Commercial loans**
- B. Consumer loans, including mortgages**
- C. Governmental loans**
- D. Private investment loans**

The Truth in Lending Act (TILA) primarily governs consumer loans, which include mortgages. TILA was enacted to promote the informed use of consumer credit by requiring disclosures about its terms and costs. The law's main purpose is to protect consumers from misleading lending practices and to ensure they understand the true cost of borrowing. Consumer loans are defined as loans taken out for personal, family, or household purposes, rather than for business or commercial purposes. Mortgages specifically fall under this category since they are used by individuals to purchase homes, making them subject to the requirements and protections established by TILA. While commercial loans, governmental loans, and private investment loans exist, they do not primarily fall under the governance of TILA. Commercial loans are typically tailored for business use and may be governed by different regulations. Governmental loans, like those insured by the FHA, may have their own specific guidelines distinct from TILA. Private investment loans usually pertain to non-consumer transactions and also fall outside the scope of TILA's consumer protection objectives. Therefore, the correct focus of TILA's jurisdiction is on consumer loans, including mortgages.

**5. Which type of loans are generally subject to rescission?**

- A. Purchase transactions mortgages**
- B. Principal residence refinances with cash-out**
- C. Home equity lines of credit**
- D. Commercial property loans**

The correct answer reflects the type of loans that are generally subject to rescission under the Truth in Lending Act (TILA). Specifically, home equity lines of credit (HELOCs) are typically subject to the right of rescission, which allows borrowers to cancel the transaction within a defined period, usually three business days. This provision is designed to protect consumers by giving them the opportunity to reconsider the decision and ensure that they fully understand the implications of taking on additional debt against their home. In contrast, purchase transaction mortgages do not provide the same rescission rights because the homeowner is acquiring a property rather than leveraging existing equity. Similarly, principal residence refinances that involve cash-out are not eligible for rescission under certain conditions; while they may sometimes allow for rescission, many do not meet the specific criteria established under TILA. Commercial property loans also do not fall under the rescission provisions of TILA, as these regulations primarily protect individual consumers rather than business entities. Understanding these distinctions is essential for mortgage loan officers to ensure compliance with TILA regulations and to inform clients about their rights during the borrowing process.

**6. What is the requirement for delivering or mailing disclosures as per Regulation Z?**

- A. Four business days before closing**
- B. Seven business days before the transaction**
- C. Ten business days before the application**
- D. One business day before closing**

According to Regulation Z, the requirement for delivering or mailing disclosures is set at seven business days before the transaction. This timeline is essential to ensure that borrowers have sufficient time to review the terms of their loan and associated costs prior to the closing. This period allows borrowers to understand their financial obligations and make informed decisions related to their mortgage application. By adhering to this requirement, lenders promote transparency and provide consumers with the information needed to ensure they are comfortable moving forward with their mortgage transaction. The seven-day requirement demonstrates a commitment to responsible lending practices and a focus on consumer protection.

**7. What is the primary function of a Loan Estimate?**

- A. To indicate all fees associated with the loan
- B. To provide an estimated cost and terms of the loan**
- C. To finalize the loan conditions
- D. To approve the loan application

The primary function of a Loan Estimate is to provide borrowers with an estimated cost and terms of the loan. This document is designed to help borrowers understand the key financial aspects of the mortgage they are considering. It includes important information such as the estimated monthly payments, interest rate, total closing costs, and any other fees associated with the mortgage. This early disclosure allows borrowers to compare different loan offers from various lenders, making it easier to make informed decisions about which mortgage option best suits their financial situation. By presenting a clear overview of what the borrower can expect in terms of costs and loan structure, the Loan Estimate serves as a crucial tool in the homebuying process, ultimately promoting transparency and better financial planning for the borrower.

**8. What is a situation that involves a change requested by the consumer?**

- A. Consumer requests a different loan product
- B. Consumer provides a new tax return
- C. Consumer switches title vendor or needs power of attorney**
- D. Consumer disagrees with the initial rate

The correct choice showcases a situation where the consumer is actively seeking to modify or change something specific in the lending process, such as switching the title vendor or needing a power of attorney. These actions represent a direct request for change by the consumer, indicating their involvement and desire to adjust the circumstances of their transaction. In real estate and lending, such changes can significantly impact the closing process and how the loan is finalized. Therefore, when a consumer requests alterations like these, it directly reflects their engagement in managing their loan arrangement, making it clear that they are advocating for their preferences or needs during the transaction. Other options involve aspects of the loan process that do not specifically represent a change requested by the consumer. For example, providing a new tax return or requesting a different loan product might involve consumer input but aren't necessarily changes within the same transaction scope. Additionally, disputing an initial rate suggests dissatisfaction rather than a proactive request for a difference, making those choices less relevant in the context of a change initiated by the consumer.



**9. What is the consequence if a lender fails to provide the loan estimate on time?**

- A. The loan may be automatically denied**
- B. The borrower could waive the requirement**
- C. The borrower may receive compensation**
- D. The lender may face regulatory penalties**

When a lender fails to provide the loan estimate within the required time frame, they may face regulatory penalties. The Truth in Lending Act (TILA) mandates that lenders must provide a loan estimate to borrowers within three business days after receiving a loan application. This estimate is crucial as it outlines the terms of the mortgage, including interest rates and closing costs. If a lender fails to meet this requirement, it can be seen as a violation of TILA regulations. Regulatory bodies can impose fines or other penalties on lenders who do not comply with these disclosure requirements. Such enforcement measures are meant to ensure that borrowers receive the necessary information to make informed decisions about their loans and protect them from potential predatory lending practices. In contrast, automatic denial of the loan, waiving the requirement, or receiving compensation are not typical consequences of not providing a loan estimate on time. The law aims to hold lenders accountable for their transparency, ensuring that borrowers are always informed about their loan terms.

**10. What constitutes a mistake in TILA compliance?**

- A. Providing additional loan features**
- B. Failing to disclose required information**
- C. Offering competitive interest rates**
- D. Providing information about loan benefits**

Failing to disclose required information is indeed a mistake in TILA compliance. The Truth in Lending Act (TILA) mandates that lenders provide borrowers with clear, accurate, and timely information regarding the terms and costs associated with their loans. This includes disclosures such as the annual percentage rate (APR), finance charges, and the total cost of the loan over its term. Non-compliance in these areas can mislead consumers and prevent them from making informed decisions, which is at the heart of TILA's purpose. While providing additional loan features, offering competitive interest rates, and providing information about loan benefits might be good practices for lenders, they do not directly pertain to the core compliance obligations set forth by TILA. The focus of TILA is on ensuring transparency and full disclosure; hence, any failure in these required disclosures is a significant compliance issue.

## 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](mailto:hello@examzify.com).**

**Or visit your dedicated course page for more study tools and resources:**

**<https://tilamortgageloanofficer.examzify.com>**

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