

# Utah Mortgage Principal Lending Manager (PLM) Practice Exam (Sample)

## Study Guide



**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

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- 1. Which sequence best reflects the immediate steps a PLM should take after identifying a data destruction incident affecting borrowers?**
  - A. Contain the incident, notify affected parties, recover data, and review security controls.**
  - B. Contain the incident, notify affected parties.**
  - C. Recover data, contain the incident, and notify affected parties.**
  - D. Review security controls and notify affected parties.**
  
- 2. Which act is most closely associated with establishing minimum qualification standards for mortgage professionals?**
  - A. The S.A.F.E. Act**
  - B. FIRREA**
  - C. Dodd-Frank**
  - D. HMDA**
  
- 3. Which guidelines govern the advertising of loan products in Utah to prevent bait-and-switch or hidden fees?**
  - A. Truthful advertising with clear terms, disclosures, and prohibition of deceptive practices.**
  - B. Advertisements may omit terms if rates are disclosed later.**
  - C. Advertising is exempt from disclosures if conducted online.**
  - D. Only direct mail campaigns require disclosure.**
  
- 4. The Division defines all of the following as unprofessional conduct, except**
  - A. Aiding a client to conceal funds**
  - B. Misrepresenting earnings**
  - C. Requiring a borrower to pay for third-party services**
  - D. Committing a felony**
  
- 5. The initial escrow statement is typically provided:**
  - A. At settlement (correct)**
  - B. At loan closing**
  - C. After the first 60 days**
  - D. Upon borrower request**

- 6. If a lending manager stops being sponsored by a licensed entity, what happens to their license?**
- A. It remains active**
  - B. It becomes inactive immediately**
  - C. It is suspended for 60 days**
  - D. It auto-renews**
- 7. If borrower data is destroyed or encrypted, what is the correct sequence for a PLM's response?**
- A. Contain the incident, notify affected parties, recover data, and review security controls.**
  - B. Notify affected parties, recover data, and review security controls.**
  - C. Contain the incident, notify affected parties, recover data, and review security controls.**
  - D. Contain the incident, recover data, notify affected parties, and review security controls.**
- 8. Under TILA-RESPA, when must the Closing Disclosure be provided to the borrower?**
- A. At closing**
  - B. Within one business day after application**
  - C. Upon loan approval**
  - D. No later than three business days prior to consummation**
- 9. Which foreclosure type involves court proceedings to obtain an order for foreclosure?**
- A. Judicial foreclosure**
  - B. Non-judicial foreclosure**
  - C. Administrative foreclosure**
  - D. Public foreclosure**
- 10. Consummation refers to:**
- A. The signing of the note**
  - B. The disbursement of funds**
  - C. The time a consumer becomes contractually obligated on a credit transaction (correct)**
  - D. The date the property changes hands**

## Answers

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

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## **Explanations**

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**1. Which sequence best reflects the immediate steps a PLM should take after identifying a data destruction incident affecting borrowers?**

**A. Contain the incident, notify affected parties, recover data, and review security controls.**

**B. Contain the incident, notify affected parties.**

**C. Recover data, contain the incident, and notify affected parties.**

**D. Review security controls and notify affected parties.**

When a data destruction incident is detected, the priority is to stop the damage first. Containing the incident limits further data loss and buys time to understand what happened. Once the incident is contained, informing affected borrowers is essential to meet regulatory obligations and maintain trust, giving them timely notice about potential impact. After containment and notification, the focus shifts to recovery—restoring data from backups, verifying integrity, and getting systems back to normal operation. Finally, reviewing and improving security controls addresses the root weaknesses that allowed the destruction to occur and helps prevent recurrence. Starting with recovery before containment risks more data loss and undermines the accuracy of restoration. Skipping containment or notification, or delaying recovery and control improvements, leaves harm unresolved and risk higher in the future.

**2. Which act is most closely associated with establishing minimum qualification standards for mortgage professionals?**

**A. The S.A.F.E. Act**

**B. FIRREA**

**C. Dodd-Frank**

**D. HMDA**

The act that sets minimum qualification standards for mortgage professionals is the SAFE Act, Secure and Fair Enforcement for Mortgage Licensing Act. It was designed specifically to raise the bar for mortgage loan originators by creating a nationwide licensing and registration framework. The SAFE Act requires states to license MLOs or register them if applicable, mandating minimum education, a standardized national test, and background checks. It also established the Nationwide Multistate Licensing System (NMLS) to standardize records, compliance, and enforcement, plus ongoing continuing education to maintain licensure. This focus on professional qualifications and a uniform licensing process is what makes it the act most closely associated with minimum standards for mortgage professionals. For context, FIRREA was about reforming the regulation of financial institutions after the savings-and-loan crisis, not about licensing individual mortgage personnel. Dodd-Frank expanded consumer protections and created the CFPB, broadening oversight of mortgage practices but not prescribing the baseline licensing standards for originators. HMDA requires lenders to report data on mortgage lending activity to monitor fair lending and market trends, rather than setting licensing qualifications.

**3. Which guidelines govern the advertising of loan products in Utah to prevent bait-and-switch or hidden fees?**

- A. Truthful advertising with clear terms, disclosures, and prohibition of deceptive practices.**
- B. Advertisements may omit terms if rates are disclosed later.**
- C. Advertising is exempt from disclosures if conducted online.**
- D. Only direct mail campaigns require disclosure.**

Advertising loan products in Utah must be truthful and not misleading. The guidelines require clear terms and disclosures in every loan advertisement and prohibit deceptive practices, including bait-and-switch and hidden fees. This ensures consumers are presented with accurate, current information about rates, payments, and costs, and that any conditions or qualifications are disclosed upfront. All advertising channels—online, direct mail, or other media—are subject to these rules, so omitting terms or relying on later disclosures, or treating online ads as exempt, would miss the intent of protecting consumers. In short, truthful advertising with clear terms, proper disclosures, and a strict prohibition on deceptive practices best reflects the requirements to prevent bait-and-switch and hidden fees.

**4. The Division defines all of the following as unprofessional conduct, except**

- A. Aiding a client to conceal funds**
- B. Misrepresenting earnings**
- C. Requiring a borrower to pay for third-party services**
- D. Committing a felony**

Unprofessional conduct is defined by actions that involve dishonesty, misrepresentation, or illegal activity by a licensee. Aiding a client to conceal funds and misrepresenting earnings are clear forms of fraud, and committing a felony is illegal behavior—precisely the kinds the Division seeks to discipline. The requirement that a borrower pay for third-party services, by contrast, is a normal part of many mortgage transactions and isn't, by itself, unprofessional conduct. It becomes an issue only if it crosses into improper practices like kickbacks or undisclosed fees, but as stated, it's not inherently unprofessional.

**5. The initial escrow statement is typically provided:**

- A. At settlement (correct)**
- B. At loan closing**
- C. After the first 60 days**
- D. Upon borrower request**

The main idea here is that the initial escrow statement is issued when the loan is being finalized to set up the escrow account and show the estimated taxes and insurance that will be collected each month. Providing it at settlement ensures the borrower sees how much will be held in escrow and what their total monthly payment will include right as the loan closes. This timing is important because the escrow setup and the first-year estimates are part of closing the loan, so the borrower can budget accurately before funds are disbursed. After settlement, you'll handle ongoing statements (like annual escrow analyses), but the initial statement itself is tied to establishing the escrow at closing.

**6. If a lending manager stops being sponsored by a licensed entity, what happens to their license?**

- A. It remains active**
- B. It becomes inactive immediately**
- C. It is suspended for 60 days**
- D. It auto-renews**

When a lending manager stops being sponsored by a licensed entity, their license becomes inactive immediately. The license to operate as a principal lending manager is conditioned on ongoing sponsorship and supervision by a licensed entity. Without that sponsor, the person is not authorized to manage or engage in mortgage activities, so the license is placed in inactive status right away. To reactivate, they must obtain sponsorship from a licensed entity and go through the regulator's reactivation process.

**7. If borrower data is destroyed or encrypted, what is the correct sequence for a PLM's response?**

- A. Contain the incident, notify affected parties, recover data, and review security controls.**
- B. Notify affected parties, recover data, and review security controls.**
- C. Contain the incident, notify affected parties, recover data, and review security controls.**
- D. Contain the incident, recover data, notify affected parties, and review security controls.**

Containing the incident first is essential to stop further data loss and to preserve evidence. By isolating affected systems and preventing spread, you limit the damage and create a stable situation in which you can accurately assess scope and impact. Only after the incident is contained can you determine who needs to be notified and what information may have been exposed. This ensures notification is accurate, timely, and aligned with policy and regulatory requirements, reducing confusion for affected borrowers. With containment and notification established, you can proceed to recover data and restore normal operations. Recovering from clean backups and validating systems before bringing them back online minimizes the risk of reinfection or data corruption. Finally, review and strengthen security controls to prevent a recurrence. Conduct a root-cause analysis, patch vulnerabilities, update policies, and reinforce training so protections improve moving forward. This order—contain, notify, recover, review—best supports rapid mitigation, regulatory compliance, operational continuity, and ongoing defense.

**8. Under TILA-RESPA, when must the Closing Disclosure be provided to the borrower?**

- A. At closing**
- B. Within one business day after application**
- C. Upon loan approval**
- D. No later than three business days prior to consummation**

Under TILA-RESPA, the Closing Disclosure must be provided to the borrower no later than three business days before the loan consummation. This three-day window gives the borrower time to review the final loan terms and costs before closing, reducing the risk of surprises at the closing table. The other options don't fit because the Closing Disclosure isn't delivered at closing, and the initial timing described for the other forms (like the Loan Estimate) isn't the disclosure that finalizes the terms. If terms change after disclosure, a new three-day period may be required, and weekends or holidays don't count as business days.

**9. Which foreclosure type involves court proceedings to obtain an order for foreclosure?**

- A. Judicial foreclosure**
- B. Non-judicial foreclosure**
- C. Administrative foreclosure**
- D. Public foreclosure**

Judicial foreclosure is the process that requires a court. When a borrower defaults, the lender files a lawsuit, and the court reviews the case. If the court finds in the lender's favor, it issues a judgment of foreclosure and often orders the sale of the property. The key is that obtaining a court order is central to this type, and the sale is conducted under court supervision. This stands in contrast to non-judicial foreclosure, which proceeds without a court order using a power-of-sale clause in the security instrument. Administrative foreclosure involves an agency or government process outside the court system, and public foreclosure is not a standard term for mortgage foreclosures.

**10. Consummation refers to:**

- A. The signing of the note**
- B. The disbursement of funds**
- C. The time a consumer becomes contractually obligated on a credit transaction (correct)**
- D. The date the property changes hands**

Consummation is the moment the borrower becomes contractually obligated on the loan. At closing, after the loan documents are signed and all required conditions are met, the borrower commits to repaying the loan under the agreed terms, creating a binding legal obligation. This is what the term specifically refers to. Disbursement of funds happens after this obligation is created, and the transfer of property occurs at settlement, not at the exact moment the borrower becomes obligated.

## 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://utahmortgageplm.examzify.com>**

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

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