

UTAH MORTGAGE PRINCIPAL LENDING MANAGER (PLM) PRACTICE EXAM (SAMPLE) STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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THE FULL VERSION STUDY GUIDE**

<https://utahmortgageplm.examzify.com>



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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. A person who qualifies as a PLM and works by or on behalf of another PLM in transacting mortgage business is known as:**
 - A. An associate lending manager
 - B. A supervising loan officer
 - C. A broker-approved assistant
 - D. A loan processor

- 2. What is the proper PLM action in response to a privacy breach?**
 - A. Recommend a wait-and-see approach before contacting anyone.
 - B. Only inform IT staff about the breach.
 - C. Activate the incident response plan, notify affected consumers and regulators as required, and document remediation.
 - D. Delete all records related to the breach to prevent further damage.

- 3. Which statement best describes the Truth-in-Lending Act?**
 - A. It primarily concerns disclosures and advertising
 - B. It governs the licensing of mortgage professionals
 - C. It regulates underwriting standards
 - D. It sets appraisal requirements

- 4. How must a Utah mortgage company handle trust accounts or borrower funds?**
 - A. Commingling funds is acceptable if fees are low
 - B. Maintain accurate accounting, segregation of funds, and compliance with state trust/escrow rules
 - C. Do not maintain separate trust accounts
 - D. Use third-party without oversight

- 5. The Closing Disclosure timeline is designed to give borrowers time to review loan terms before what event?**
 - A. Appraisal
 - B. Underwriting decision
 - C. Consummation
 - D. Loan approval

- 6. What should a PLM do to ensure accurate licensing records during audits?**
- A. Maintain up-to-date records, verify licenses, and provide documentation during audits.
 - B. Rely on memory for license status.
 - C. Wait for the auditor to request records.
 - D. Only maintain records when licenses renew.
- 7. Mortgage Insurance Premium (MIP) would be used for which loan type?**
- A. An FHA loan with a 3.5% down payment
 - B. A conventional loan with a 20% down payment
 - C. A VA loan with no down payment
 - D. A USDA loan with no down payment
- 8. Utah law requires licensees to complete an annual course on which topic?**
- A. Ethics
 - B. Consumer Protection
 - C. Federal Regulation
 - D. Utah Law
- 9. What is a primary objective in maintaining borrower transparency during the loan process?**
- A. To promote trust and enable informed decisions through clear disclosures and communication.
 - B. To overwhelm borrowers with legal jargon.
 - C. To minimize disclosures to speed up closing.
 - D. To arbitrarily change terms during closing.
- 10. Rescission in a mortgage transaction accomplishes which outcome?**
- A. Terminates all obligations and ends the contract
 - B. Extends the closing date by 30 days
 - C. Restores each party in a contract to the position held prior to the transaction (correct)
 - D. Requires new disclosures

Answers

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

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Explanations

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1. A person who qualifies as a PLM and works by or on behalf of another PLM in transacting mortgage business is known as:

- A. An associate lending manager**
- B. A supervising loan officer
- C. A broker-approved assistant
- D. A loan processor

In this scenario, the role being described is someone who is already qualified as a Principal Lending Manager (PLM) and who works by or on behalf of another PLM to conduct mortgage business. The appropriate label for that arrangement is associate lending manager. This term covers a PLM who operates under the direction of another PLM, assisting with loan origination while the other PLM remains the primary supervisor and accountable for licensing and compliance. The other titles don't fit this setup: a supervising loan officer is typically a different supervisory role within lending operations but doesn't specify the PLM-to-PLM relationship; a broker-approved assistant and a loan processor describe roles focused on brokerage support or processing tasks, not on PLM qualification and hierarchical supervision. So the associate lending manager best describes a PLM working on behalf of another PLM to transact mortgage business.

2. What is the proper PLM action in response to a privacy breach?

- A. Recommend a wait-and-see approach before contacting anyone.
- B. Only inform IT staff about the breach.
- C. Activate the incident response plan, notify affected consumers and regulators as required, and document remediation.**
- D. Delete all records related to the breach to prevent further damage.

When a privacy breach occurs, the immediate priority is a coordinated, formal response. Activate the incident response plan to guide how the organization detects, contains, investigates, and recovers from the breach. Notify affected consumers and regulators as required by law or regulation, so those impacted can take protective steps and authorities can oversee the incident handling. Document the remediation actions taken and the lessons learned, creating an audit trail that supports accountability and helps prevent recurrence. This approach aligns with responsible risk management, regulatory requirements, and effective communication during incidents. Waiting or limiting disclosure to IT staff would miss mandatory stakeholder notification and could worsen regulatory and customer impact, while deleting records would obscure what happened and undermine compliance and investigation efforts.

3. Which statement best describes the Truth-in-Lending Act?

- A. It primarily concerns disclosures and advertising
- B. It governs the licensing of mortgage professionals
- C. It regulates underwriting standards
- D. It sets appraisal requirements

The main idea here is that the Truth-in-Lending Act focuses on clear, standardized loan disclosures and how loan terms are advertised. TILA, implemented through Regulation Z, is meant to help consumers compare credit costs and understand what they're agreeing to. It requires disclosures such as the annual percentage rate (APR), finance charges, amount financed, total payments, and a repayment schedule, so borrowers can see the true cost of borrowing. It also governs advertising of loan terms to prevent misleading or deceptive ads, including rules about when certain terms can be stated and what additional disclosures must accompany them. Licensing of mortgage professionals, underwriting standards, and appraisal requirements are not the primary function of TILA. Licensing is handled by state systems (and the NMLS), underwriting is about evaluating credit risk during loan approval, and appraisals are governed by other regulations and standards. So the statement that TILA primarily concerns disclosures and advertising best captures the purpose of the act.

4. How must a Utah mortgage company handle trust accounts or borrower funds?

- A. Commingling funds is acceptable if fees are low
- B. Maintain accurate accounting, segregation of funds, and compliance with state trust/escrow rules
- C. Do not maintain separate trust accounts
- D. Use third-party without oversight

Handling borrower funds in Utah hinges on keeping trust funds separate from the lender's own money and maintaining precise, ongoing records in line with state trust and escrow requirements. This separation protects borrowers' money, ensures funds are used as authorized, and keeps everything auditable through regular reconciliations and accurate accounting. Commingling funds is not allowed, there must be separate trust accounts, and funds must be managed under the state rules. Using a third party without proper oversight wouldn't satisfy regulatory expectations, since the custodian still operates under established fiduciary and reporting standards.

5. The Closing Disclosure timeline is designed to give borrowers time to review loan terms before what event?

- A. Appraisal
- B. Underwriting decision
- C. Consummation
- D. Loan approval

The Closing Disclosure timeline is about giving borrowers time to review the loan terms before they become obligated. Under TRID, the Closing Disclosure must be provided at least three business days before consummation, so borrowers have a window to understand the final numbers, compare costs, and ask questions. Appraisal, underwriting decision, and loan approval happen earlier in the process; consummation is the moment the loan closes and funds are disbursed. That waiting period is specifically to protect borrowers at the critical point when they're about to be obligated on the loan, ensuring they're not surprised by final terms or costs. If the loan terms change after disclosure, another three-day waiting period may apply before consummation.

6. What should a PLM do to ensure accurate licensing records during audits?

- A. Maintain up-to-date records, verify licenses, and provide documentation during audits.**
- B. Rely on memory for license status.
- C. Wait for the auditor to request records.
- D. Only maintain records when licenses renew.

Maintaining current, verified licensing records and ready documentation is essential during audits. A PLM should keep a centralized system with up-to-date records for all licenses, regularly verify that each license is active and compliant, and have copies or confirmations available to share with auditors. This proactive, well-documented approach demonstrates compliance, prevents gaps from license changes, and speeds the audit process. Relying on memory for license status can miss expirations or status changes, leading to incorrect information being presented. Waiting for the auditor to request records is reactive and can delay the audit and raise concerns about preparedness. Only maintaining records when licenses renew creates gaps where no proof of current compliance exists.

7. Mortgage Insurance Premium (MIP) would be used for which loan type?

- A. An FHA loan with a 3.5% down payment**
- B. A conventional loan with a 20% down payment
- C. A VA loan with no down payment
- D. A USDA loan with no down payment

Mortgage Insurance Premium is the insurance required to protect lenders on FHA loans when the borrower makes a relatively small down payment. For FHA loans, MIP is mandatory even with a 3.5% down payment, and it appears as an upfront amount paid at closing plus a monthly annual MIP component folded into the mortgage payment. The rate and presence of MIP depend on the loan specifics, but the key point is that FHA loans require MIP. By contrast, a conventional loan with 20% down typically doesn't require MIP (it uses PMI only if the down payment is under 20%). VA loans don't use mortgage insurance at all (they have a funding fee instead), and USDA loans have their own guarantee fees, not FHA's MIP.

8. Utah law requires licensees to complete an annual course on which topic?

- A. Ethics
- B. Consumer Protection
- C. Federal Regulation
- D. Utah Law**

Utah requires licensees to stay current with the state's mortgage framework, so the annual course focuses on Utah-specific statutes, rules, and licensing processes. This keeps practitioners up to date on changes in the Utah Code and administrative rules that affect how mortgage lending is regulated in the state. While ethics, consumer protection, and federal regulation are important topics, the annual mandated update for Utah licensees is a course on Utah Law, ensuring knowledge of state-specific requirements and enforcement.

9. What is a primary objective in maintaining borrower transparency during the loan process?

- A. To promote trust and enable informed decisions through clear disclosures and communication.
- B. To overwhelm borrowers with legal jargon.
- C. To minimize disclosures to speed up closing.
- D. To arbitrarily change terms during closing.

Maintaining borrower transparency is about clear disclosures and open communication so the borrower can trust the process and make informed decisions. When you present the loan terms in plain language—showing the APR, all fees, projected payments, how changes in rate or terms affect costs, and the overall long-term impact—you empower the borrower to compare options, assess affordability, and proceed with confidence. This transparency also supports compliance with consumer-protection laws and ethical lending practices, helping to prevent surprises at closing. Providing excessive jargon, withholding information, rushing to close with fewer disclosures, or changing terms arbitrarily would undermine trust and reduce the borrower's ability to understand and consent to the loan.

10. Rescission in a mortgage transaction accomplishes which outcome?

- A. Terminates all obligations and ends the contract
- B. Extends the closing date by 30 days
- C. Restores each party in a contract to the position held prior to the transaction (correct)
- D. Requires new disclosures

Rescission unwinds a mortgage transaction and returns both parties to the position they held before the loan was made. For certain secured loans on a primary residence, the borrower can cancel within a set period. If they exercise this right, the lender must undo the transaction: return any money paid by the borrower, the borrower must return any funds advanced, and the lien on the home is released so the security interest ends. This is why rescission is described as restoring each party to their pre-transaction position. It's not simply about ending all obligations, extending a closing, or creating new disclosures—the effect is to undo the loan as if it never occurred.

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://utahmortgageplm.examzify.com>

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

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