

# Utah Personal Lending and Mortgages (PLM) Certification Practice Test (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. Who is responsible for the retention and disposition of records in an active lending entity?**
  - A. The loan originator**
  - B. The principal lending manager (PLM)**
  - C. The company's compliance officer**
  - D. The borrower**
- 2. At what stage can a licensee begin charging a borrower for modification services?**
  - A. Before the written modification offer is received**
  - B. Once a written modification offer is received and accepted by the borrower**
  - C. After the loan has closed**
  - D. Only after a denial of modification**
- 3. If a mortgage loan originator fails to pay the appraiser for services rendered, what may happen?**
  - A. They may be fined by the appraiser**
  - B. They may be disciplined by the court if money is owed**
  - C. They may lose their license immediately**
  - D. No action can be taken against a mortgage loan originator**
- 4. Which of the following best describes the function of earnest money in a real estate transaction?**
  - A. Acts as a down payment for closing costs**
  - B. Serves as liquidated damages**
  - C. Can be used for appraisals**
  - D. Applies to property inspections**
- 5. Which contract must disclose all leases affecting a property subject to a purchase contract?**
  - A. Residential Lease Contract**
  - B. Real Estate Purchase Contract**
  - C. Commercial Lease Contract**
  - D. Property Management Agreement**

**6. What can a loan originator do to avoid an investigation by the Division of Real Estate?**

- A. File a complaint against the Division**
- B. Provide evidence of compliance**
- C. Negotiate a settlement**
- D. There is nothing which would allow the loan originator to avoid the investigation**

**7. What is a common theme in the laws governing loan originators in Utah?**

- A. Transparency in lending practices**
- B. Flexibility in fee structures**
- C. Encouragement of competition**
- D. Minimal regulatory oversight**

**8. What must a mortgage loan originator do if they receive a complaint?**

- A. Ignore it if it's unfounded**
- B. Respond promptly and professionally**
- C. Only respond if the Division requests a reply**
- D. Consult a legal advisor before responding**

**9. If a loan originator commits fraud on a mortgage transaction worth \$10,000, what is the maximum fine the Division of Real Estate could impose?**

- A. \$5,000**
- B. \$10,000**
- C. \$15,000**
- D. \$20,000**

**10. What is the timeframe for a licensee to request a hearing after a cease and desist order is issued by the Division of Real Estate?**

- A. 15 days**
- B. 30 days**
- C. 45 days**
- D. 60 days**

## **Answers**

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

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## **Explanations**

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**1. Who is responsible for the retention and disposition of records in an active lending entity?**

- A. The loan originator**
- B. The principal lending manager (PLM)**
- C. The company's compliance officer**
- D. The borrower**

The principal lending manager (PLM) is responsible for the retention and disposition of records in an active lending entity because this role encompasses oversight of compliance with both state and federal regulations regarding documentation and record-keeping. As part of ensuring operational integrity and adherence to ethical standards, the PLM is tasked with maintaining accurate records that are vital for audits, legal compliance, and internal reviews. This responsibility includes establishing policies for record retention timelines and ensuring secure disposal of records when they are no longer needed, aligning with industry best practices and regulatory requirements. While other roles within a lending entity, such as loan originators and compliance officers, have important responsibilities, they do not encompass the comprehensive oversight that the PLM has regarding records management and compliance. The loan originator's role focuses primarily on the initiation and processing of loans, while the compliance officer ensures the organization adheres to laws and regulations but may not have direct responsibility for records retention. The borrower, on the other hand, is not involved in the internal management of the lending entity's records. Thus, the PLM is the designated authority for these critical functions.

**2. At what stage can a licensee begin charging a borrower for modification services?**

- A. Before the written modification offer is received**
- B. Once a written modification offer is received and accepted by the borrower**
- C. After the loan has closed**
- D. Only after a denial of modification**

The correct choice indicates that a licensee can begin charging a borrower for modification services once a written modification offer is received and accepted by the borrower. This aligns with ethical practices and regulatory compliance in lending, which emphasize transparency and the borrower's informed consent. Charging for services before the borrower has formally accepted the modification offer could lead to misunderstandings or dissatisfaction, as the borrower has not yet agreed to the terms. By ensuring that compensation for modification services only occurs after the borrower has accepted the written offer, the process allows for clear communication and protects the borrower from unexpected costs. This practice is also consistent with protecting consumers from potential unfair lending practices. Understanding this timing is crucial for both borrowers, who need to be fully aware of their financial commitments, and lenders, who must adhere to legal and ethical standards in their service offerings.

**3. If a mortgage loan originator fails to pay the appraiser for services rendered, what may happen?**

- A. They may be fined by the appraiser**
- B. They may be disciplined by the court if money is owed**
- C. They may lose their license immediately**
- D. No action can be taken against a mortgage loan originator**

When a mortgage loan originator fails to pay the appraiser for services rendered, the potential consequences often involve legal or regulatory actions. If an appraiser is not paid for their work, they have the right to seek compensation through legal channels, which may result in the mortgage loan originator facing discipline from the court for failing to fulfill their financial obligation. This can include fines, enforced payment, or other legal repercussions aimed at ensuring accountability in the lending process.

Additionally, it's fundamental to understand industry standards and regulatory requirements that emphasize fair practices and compensation for services within the lending and appraisal industry. Failure to adhere to these principles not only jeopardizes relationships with appraisers but can also lead to broader implications, such as complaints to regulatory bodies or other legal actions that may impact the originator's professional standing. The other options present various consequences that do not fully align with the structure of legal recourse in business transactions. Hence, the most accurate and comprehensive response relates to potential court-imposed discipline for failing to make payment, highlighting the necessity for mortgage loan originators to maintain their financial responsibilities to service providers.

**4. Which of the following best describes the function of earnest money in a real estate transaction?**

- A. Acts as a down payment for closing costs**
- B. Serves as liquidated damages**
- C. Can be used for appraisals**
- D. Applies to property inspections**

The function of earnest money in a real estate transaction is to demonstrate the buyer's commitment to purchasing the property. When a buyer offers earnest money, they essentially provide a financial assurance that they are serious about the offer. If the buyer defaults or fails to carry through with the agreement without valid reason, the earnest money can be forfeited to the seller as liquidated damages. This acts as a form of compensation for the seller, who has taken the property off the market based on the buyer's offer. This role in the transaction helps protect the seller's interests and creates a sense of trust between both parties, as it indicates that the buyer is willing to put their financial stake at risk in order to proceed with the purchase.

**5. Which contract must disclose all leases affecting a property subject to a purchase contract?**

- A. Residential Lease Contract**
- B. Real Estate Purchase Contract**
- C. Commercial Lease Contract**
- D. Property Management Agreement**

The appropriate contract that must disclose all leases affecting a property subject to a purchase contract is the Real Estate Purchase Contract. This contract serves as the foundational document between a buyer and seller regarding the sale of real estate. It is critical to outline any existing leases because they can impact the buyer's rights and the use of the property after the sale. For example, if a property has tenants currently residing under a lease, the new owner will typically need to honor those leases unless specified otherwise in the purchase agreement. Transparency about existing leases is essential for the buyer to fully understand their potential obligations and the property's cash flow situation before finalizing the transaction. This disclosure helps avoid future legal disputes and ensures that both parties are aware of any conditions tied to the property, enabling informed decision-making during the transaction process. The other contracts mentioned, such as the Residential Lease Contract and Commercial Lease Contract, pertain to specific types of rental agreements between landlords and tenants, while the Property Management Agreement typically governs the relationship between a property owner and the property management company. These do not serve the same role in disclosing leases in relation to the sale of property, which is why the Real Estate Purchase Contract is the most relevant in this context.

**6. What can a loan originator do to avoid an investigation by the Division of Real Estate?**

- A. File a complaint against the Division**
- B. Provide evidence of compliance**
- C. Negotiate a settlement**
- D. There is nothing which would allow the loan originator to avoid the investigation**

The assertion that there is nothing a loan originator can do to avoid an investigation by the Division of Real Estate emphasizes the regulatory framework governing the industry. In any regulated profession, including loan origination, compliance with laws and regulations is paramount. When the Division of Real Estate initiates an investigation, it typically stems from credible allegations or warnings regarding non-compliant behavior or practices that may harm consumers. Investigations are part of the regulatory process intended to uphold industry standards and protect the interests of consumers. Therefore, the existence of an investigation itself serves as a vital check to ensure accountability and maintain the integrity of the lending process. If a loan originator faces such scrutiny, there are no guaranteed actions that can completely prevent the investigation from proceeding, regardless of the circumstances. While it is crucial for loan originators to operate ethically and comply with all regulations, the possibility of avoiding an investigation once started is not assured. Instead, addressing any issues that arise diligently and transparently is a more effective approach to navigate the challenges posed by regulatory scrutiny.

**7. What is a common theme in the laws governing loan originators in Utah?**

- A. Transparency in lending practices**
- B. Flexibility in fee structures**
- C. Encouragement of competition**
- D. Minimal regulatory oversight**

Transparency in lending practices is a fundamental theme in the laws governing loan originators in Utah. This focus on transparency is pivotal for protecting consumers and ensuring they are well-informed about the terms and conditions of their loans.

Regulations often require loan originators to provide clear and concise information about interest rates, fees, and other pertinent details related to the lending process. This transparency helps borrowers make informed decisions and fosters trust between lenders and borrowers. By emphasizing transparency, the laws aim to create a fair lending environment where consumers understand their obligations and rights. This approach not only protects individuals from potential predatory lending practices but also contributes to the stability and integrity of the financial market.

**8. What must a mortgage loan originator do if they receive a complaint?**

- A. Ignore it if it's unfounded**
- B. Respond promptly and professionally**
- C. Only respond if the Division requests a reply**
- D. Consult a legal advisor before responding**

A mortgage loan originator has a professional obligation to handle complaints with care and attention. Responding promptly and professionally is crucial because it reflects a commitment to customer service and compliance with regulatory standards. When a complaint is received, it is important for the originator to acknowledge the issue, communicate openly with the involved parties, and seek to resolve the matter effectively. This approach not only helps in maintaining a positive relationship with clients but also serves to protect the integrity of the lending institution by demonstrating accountability and responsiveness. Additionally, prompt responses can prevent the escalation of complaints and potentially mitigate any negative impacts associated with dissatisfaction. Maintaining professionalism throughout the process also ensures that the originator acts within the ethical guidelines set by the industry, which can be beneficial in fostering trust and transparency in the lender-borrower relationship. This practice is vital for a loan originator in ensuring compliance with regulations and protecting their reputation in the market.

**9. If a loan originator commits fraud on a mortgage transaction worth \$10,000, what is the maximum fine the Division of Real Estate could impose?**

- A. \$5,000
- B. \$10,000**
- C. \$15,000
- D. \$20,000

In the context of mortgage transactions within Utah, if a loan originator is found to have committed fraud, the Division of Real Estate has established guidelines regarding the imposition of fines. For a transaction involving fraud worth \$10,000, the maximum fine that can be levied is directly tied to the amount of the transaction itself. In this case, the fine is set at an amount that matches the value of the fraudulent transaction, capping it at \$10,000. This structure is designed to hold loan originators accountable for their actions while reflecting the severity of the offense in relation to the monetary value involved. Thus, the maximum fine corresponding to the fraudulent act in a mortgage transaction of \$10,000 is indeed \$10,000. This ensures that the penalties are proportionate to the severity of the wrongdoing and can act as a deterrent for future unethical behavior in the lending environment. Understanding the rationale behind the fines imposed for fraud is essential for professionals in the field, as it not only underscores the legal and ethical frameworks governing mortgage lending but also emphasizes the importance of maintaining integrity in financial transactions.

**10. What is the timeframe for a licensee to request a hearing after a cease and desist order is issued by the Division of Real Estate?**

- A. 15 days
- B. 30 days**
- C. 45 days
- D. 60 days

The timeframe for a licensee to request a hearing after a cease and desist order is issued by the Division of Real Estate is 30 days. This is important as it provides a structured period within which the licensee can respond to the order and seek to contest it. The 30-day window allows for necessary preparations and considerations, giving the licensee an opportunity to present their case and any supporting evidence to the appropriate authorities. Adhering to this timeline is essential because failing to request a hearing within the specified period may result in the order taking effect without an opportunity for the licensee to challenge it, thereby potentially affecting their license and ability to operate in the real estate sector.

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

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

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