

# **UTAH PERSONAL LENDING AND MORTGAGES (PLM) CERTIFICATION PRACTICE TEST (SAMPLE)**

## **STUDY GUIDE**



## **SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS**

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THE FULL VERSION STUDY GUIDE**

<https://utahplmcert.examzify.com>



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# Table of Contents

|                             |    |
|-----------------------------|----|
| Copyright .....             | 1  |
| Table of Contents .....     | 2  |
| Introduction .....          | 3  |
| How to Use This Guide ..... | 4  |
| Questions .....             | 5  |
| Answers .....               | 8  |
| Explanations .....          | 10 |
| Next Steps .....            | 16 |

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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. Under what condition are cancellation fees allowed according to Utah rules?**
  - A. If they are approved by the state
  - B. If the fee is reasonable
  - C. If they are disclosed upfront
  - D. If they apply to all loans
- 2. Under what circumstances can a licensee require a borrower to sign a blank document?**
  - A. If the form is a verification of employment and the blanks are for the employer to complete
  - B. Only in cases of emergency funding needs
  - C. If the borrower has a prior relationship with the licensee
  - D. In all cases, provided the licensee provides guidance
- 3. Which entity is exempt from the Financial Institution Mortgage Financing Regulation Act?**
  - A. Entities originating only open-end lines of credit
  - B. Entities only originating closed end first mortgages regulated by the Division of Real Estate
  - C. Entities licensed for second mortgages
  - D. Entities with less than \$100,000 in assets
- 4. What is the limit of payment from the Division of Real Estate's Recovery Fund per violation?**
  - A. \$10,000
  - B. \$15,000
  - C. \$20,000
  - D. \$25,000
- 5. Utah rule allows the Division to consider the individual's training, education, and experience in the mortgage loan business when evaluating an applicant's \_\_\_\_\_?**
  - A. character
  - B. financial status
  - C. competency
  - D. reliability

- 6. What must be disclosed to borrowers regarding variable interest rates?**
- A. That the rates may increase or decrease based on market conditions
  - B. That rates are fixed for the first five years
  - C. That interest rates remain constant throughout the loan term
  - D. That variable rates are always more favorable than fixed rates
- 7. What can be a consequence if a buyer fails to meet deadlines outlined in the purchase contract?**
- A. The buyer may lose their earnest money
  - B. The seller can raise the property price
  - C. The closing date is automatically extended
  - D. The buyer is entitled to damages
- 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. According to the Utah approved Real Estate Purchase Contract, what condition must the property be in at the time of buyer possession?**
- A. Completely renovated
  - B. In the same condition it was at the offer acceptance
  - C. As-is, regardless of repairs
  - D. In a better condition than advertised
- 10. According to Utah regulations, which characteristic can be evaluated based on an individual's last criminal conviction?**
- A. Employment history
  - B. Financial status
  - C. Moral character
  - D. Credit history

## **Answers**

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

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## **Explanations**

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**1. Under what condition are cancellation fees allowed according to Utah rules?**

- A. If they are approved by the state
- B. If the fee is reasonable**
- C. If they are disclosed upfront
- D. If they apply to all loans

*Cancellation fees are allowed under Utah rules if the fee is reasonable. This means that the amount charged must be justifiable and not excessive in relation to the costs incurred by the lender when processing the cancellation. Reasonableness of the fee can take into account various factors, such as the administrative costs associated with processing the loan application and the time spent by the lender. In the context of lending, ensuring that fees are reasonable helps protect consumers from being charged excessive amounts that do not reflect the actual costs incurred by the lending institution. The regulation aims to maintain fairness and transparency in lending practices. The approval by the state, upfront disclosure, and applicability to all loans are important principles in lending practices, but the specific allowance for cancellation fees is contingent upon their reasonableness. This means that even if a fee is disclosed, or approved by the state, it cannot be charged if it is deemed unreasonable.*

**2. Under what circumstances can a licensee require a borrower to sign a blank document?**

- A. If the form is a verification of employment and the blanks are for the employer to complete**
- B. Only in cases of emergency funding needs
- C. If the borrower has a prior relationship with the licensee
- D. In all cases, provided the licensee provides guidance

*The correct answer is based on specific practices regarding documentation in a lending scenario. A licensee can require a borrower to sign a blank document specifically for verification of employment forms, where the details regarding the employer can be filled in later. This practice is typically limited to situations where the borrower may need to authorize their employer to provide certain information regarding their employment status or income. This arrangement helps streamline the process, as it allows the employer to fill in the necessary verification details without requiring the borrower to be present or to have all the information ready at the time of signing. Such practices are held under scrutiny to ensure that they are used responsibly and ethically, hence not widely accepted for other types of documents or general signing situations. The other options present scenarios that don't align with standard practices. Emergency funding needs and prior relationships do not justify requiring a borrower to sign a blank document, as this could lead to significant risks or misuse. Additionally, allowing such practices in all cases with guidance would not adhere to the safeguards necessary for protecting both the borrower and the lender in financial transactions.*

**3. Which entity is exempt from the Financial Institution Mortgage Financing Regulation Act?**

- A. Entities originating only open-end lines of credit
- B. Entities only originating closed end first mortgages regulated by the Division of Real Estate**
- C. Entities licensed for second mortgages
- D. Entities with less than \$100,000 in assets

*The correct choice is that entities only originating closed-end first mortgages regulated by the Division of Real Estate are exempt from the Financial Institution Mortgage Financing Regulation Act. This exemption is significant because the act primarily targets entities engaging in broader mortgage financing activities that require regulatory oversight to protect consumers and ensure fair practices in lending. However, closed-end first mortgages typically have distinct characteristics and are overseen by dedicated regulations under the Division of Real Estate, which means they don't fall under the broader umbrella of the Financial Institution Mortgage Financing Regulation Act. Closed-end mortgages are single, lump-sum loans where the borrower receives a specified amount upfront and makes regular payments until the loan is paid off, making them more straightforward and easier to regulate. The regulatory framework for these loans is already established, potentially eliminating the need for additional regulation under the act.*

**4. What is the limit of payment from the Division of Real Estate's Recovery Fund per violation?**

- A. \$10,000
- B. \$15,000**
- C. \$20,000
- D. \$25,000

*The limit of payment from the Division of Real Estate's Recovery Fund per violation is \$15,000. This fund is established to protect consumers in real estate transactions and provides a financial remedy for individuals who have suffered losses due to wrongful acts or misconduct by licensed real estate professionals. Understanding this limit is essential for both consumers and professionals in the real estate industry, as it highlights the protections available to consumers when dealing with potential violations. The specified amount reflects the regulatory measures in place designed to ensure accountability in real estate practices while providing a safeguard for those who may be wronged in transactions. Knowing the correct limit helps stakeholders navigate legal requirements effectively and emphasizes the importance of ethical conduct within the industry.*

**5. Utah rule allows the Division to consider the individual's training, education, and experience in the mortgage loan business when evaluating an applicant's \_\_\_\_\_?**

- A. character
- B. financial status
- C. competency**
- D. reliability

*The correct answer is competency. In the context of evaluating an individual's ability to operate within the mortgage loan business, the Division places significant emphasis on an applicant's training, education, and experience. These factors collectively contribute to the overall competency of the applicant, as they provide insight into their skills, knowledge, and professionalism in handling mortgage-related activities. Competency reflects the capability of an applicant to perform their duties effectively and adhere to industry standards. An applicant with extensive training and experience is more likely to understand complex regulations, demonstrate sound judgment in lending practices, and maintain ethical conduct when interacting with clients and financial institutions. This is crucial in ensuring that the loan processes are executed safely and within legal parameters, ultimately protecting consumers and enhancing the integrity of the mortgage market. While character, financial status, and reliability are important considerations in the overall evaluation process, they do not directly relate to the specific assessment of an individual's skills and performance in the mortgage loan business as much as competency does. Hence, focusing on competency is essential for ensuring that all licensed individuals can perform their roles effectively and responsibly in Utah's lending environment.*

**6. What must be disclosed to borrowers regarding variable interest rates?**

- A. That the rates may increase or decrease based on market conditions**
- B. That rates are fixed for the first five years
- C. That interest rates remain constant throughout the loan term
- D. That variable rates are always more favorable than fixed rates

*When dealing with variable interest rates, it is essential for borrowers to understand that these rates can fluctuate based on market conditions. This means that the amount of interest paid on a loan can increase or decrease over time, impacting monthly payments and the total cost of the loan. By disclosing that rates may change, lenders ensure that borrowers are fully informed about the nature of their loan, allowing them to make educated financial decisions. Understanding variable interest rates helps borrowers prepare for the possibility of payment fluctuations and encourages them to consider their personal financial situation and risk tolerance. This transparency is not just a best practice but also aligns with regulatory requirements that govern lending practices, ensuring borrowers are aware of potential financial implications throughout the life of the loan. Other choices present limited or misleading descriptions about interest rates that do not reflect the true nature of variable interest rates. For instance, stating that rates are fixed for the first five years or that they remain constant throughout the loan term misrepresents the characteristics of variable-rate loans, while suggesting that variable rates are always more favorable than fixed rates overlooks individual circumstances and market variability.*

**7. What can be a consequence if a buyer fails to meet deadlines outlined in the purchase contract?**

- A. The buyer may lose their earnest money**
- B. The seller can raise the property price
- C. The closing date is automatically extended
- D. The buyer is entitled to damages

*If a buyer fails to meet the deadlines outlined in the purchase contract, one of the primary consequences is the potential loss of their earnest money. Earnest money is a deposit made to demonstrate the buyer's commitment to purchasing the property. The purchase contract typically stipulates specific timelines for actions such as inspections, financing approval, and other contingencies. If the buyer does not adhere to these deadlines, the seller is justified in retaining the earnest money as a form of compensation for the buyer's failure to fulfill their contractual obligations. This serves as a protective measure for sellers, ensuring that they are compensated in case the buyer's inaction leads to a loss of potential sale or delays in the selling process. The other options do not align with standard real estate practices. For example, a seller raising the property price would typically require a new agreement rather than simply responding to a buyer missing deadlines. The notion of automatically extending the closing date is not typically how such contracts function; extensions often require mutual consent. Additionally, while buyers may seek damages in certain legal contexts, that is not the immediate consequence of failing to meet contract deadlines related to earnest money.*

**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. According to the Utah approved Real Estate Purchase Contract, what condition must the property be in at the time of buyer possession?**

- A. Completely renovated
- B. In the same condition it was at the offer acceptance**
- C. As-is, regardless of repairs
- D. In a better condition than advertised

*The condition of the property at the time of buyer possession being the same as it was at the offer acceptance is critical in real estate transactions. This requirement ensures that the buyer receives the property in the same state they agreed to upon accepting the offer. It protects the buyer's interests by preventing the seller from making significant changes or repairs that could affect the value or condition of the property without the buyer's consent. The standard is often included in purchase contracts to create a clear understanding and expectations for both parties involved in the transaction. This provision also helps to mitigate disputes that may arise over the property's state upon transfer of ownership. Maintaining the property's condition ensures fairness and transparency during the transaction process, aligning with best practices in real estate dealings.*

**10. According to Utah regulations, which characteristic can be evaluated based on an individual's last criminal conviction?**

- A. Employment history
- B. Financial status
- C. Moral character**
- D. Credit history

*The evaluation of an individual's moral character is pertinent in relation to their last criminal conviction under Utah regulations. Moral character assessments often involve reviewing past behaviors and actions, including criminal history, to gauge an individual's integrity, responsibilities, and reliability. In many professional and licensing contexts, past criminal behavior can reflect on an individual's moral standing, which can be a significant factor in determining eligibility for certain licenses, especially in industries related to finance and lending, such as those regulated under Utah's personal lending and mortgage laws. The other options, while important in various contexts, do not directly relate to the evaluation of moral character based on a criminal conviction. Employment history focuses on past job performance and stability, financial status centers around an individual's financial standing and obligations, and credit history relates to an individual's creditworthiness rather than their moral choices or character. Thus, moral character is the aspect that most accurately aligns with the implications of a last criminal conviction under the regulatory framework in Utah.*

## 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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