

# West Virginia Mortgage Law Practice Test Sample Study Guide



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

**Featuring practice questions, answers, and explanations  
for each question.**

**This study guide is a SAMPLE. Visit  
<https://westvirginiamortgagelaw.examzify.com>  
to get the full version available exclusively to  
Examzify Plus pass holders .**

**Copyright © 2025 by Examzify - A Kaluba Technologies Inc. product.**

**ALL RIGHTS RESERVED.**

**No part of this book may be reproduced or transferred in any form or by any means, graphic, electronic, or mechanical, including photocopying, recording, web distribution, taping, or by any information storage retrieval system, without the written permission of the author.**

**Notice: Examzify makes every reasonable effort to obtain from reliable sources accurate, complete, and timely information about this product.**

**SAMPLE**

## **Questions**

- 1. West Virginia's identity theft provisions make it a deceptive or unfair practice for a consumer reporting agency to do which of the following?**
  - A. Charge a fee for placing a security freeze on a consumer file**
  - B. Notify consumers if a third-party request for their information has been denied**
  - C. Release any credit information when there is a security freeze on a consumer file**
  - D. Update consumer files on an annual basis**
- 2. When a mortgage loan is declined, within how many days must the lender provide the applicant with an Adverse Action Notice?**
  - A. 10 days**
  - B. 15 days**
  - C. 20 days**
  - D. 30 days**
- 3. The Commissioner of the Division of Financial Institutions does not have the authority to:**
  - A. Conduct audits of licensees**
  - B. Enforce compliance with the law**
  - C. Issue cease and desist orders**
  - D. Request records**
- 4. What does "points" effectively do for borrowers in mortgage lending?**
  - A. It modifies the loan term length based on fees paid**
  - B. It reduces the interest rate on the mortgage**
  - C. It increases the total loan amount authorized**
  - D. It ensures faster processing of loan applications**
- 5. Which aspect is NOT included in the criteria for mortgage eligibility?**
  - A. Credit score**
  - B. Home location**
  - C. Debt-to-income ratio**
  - D. Employment history**

- 6. When assessing Hannah's ability to repay the loan, John should consider all of the following, EXCEPT Hannah's:**
- A. Credit history**
  - B. Income and employment status**
  - C. Marital status**
  - D. Monthly debts**
- 7. If renewal requirements are not met by December 31:**
- A. New applications must be submitted**
  - B. The license will expire**
  - C. The licensee will be fined**
  - D. There will be a probation period**
- 8. According to the Good Funds Settlement Act, funds must be available for a loan which is subject to rescission no later than:**
- A. Three days after closing**
  - B. One day prior to closing**
  - C. Day of closing**
  - D. After the rescission period expires**
- 9. All of the following are required to be licensed under West Virginia law, except:**
- A. Loan originators**
  - B. Mortgage brokers**
  - C. Mortgage processors**
  - D. Mortgage lenders**
- 10. What are foreclosure proceedings?**
- A. The process of selling a property to cover unpaid taxes**
  - B. A method of negotiating loan repayment terms**
  - C. The legal steps taken by a lender to reclaim a property**
  - D. The procedures for transferring property ownership after a sale**

## **Answers**

SAMPLE

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

SAMPLE

## **Explanations**

SAMPLE



**1. West Virginia's identity theft provisions make it a deceptive or unfair practice for a consumer reporting agency to do which of the following?**

**A. Charge a fee for placing a security freeze on a consumer file**

**B. Notify consumers if a third-party request for their information has been denied**

**C. Release any credit information when there is a security freeze on a consumer file**

**D. Update consumer files on an annual basis**

In West Virginia, the laws regarding identity theft are designed to protect consumers by enabling them to take proactive measures to secure their personal and financial information. One critical provision involves the ability to place a security freeze on a consumer's credit file. This freeze restricts access to the consumer's credit report, making it substantially harder for identity thieves to open accounts in the consumer's name. The rationale behind classifying it as a deceptive or unfair practice for a consumer reporting agency to charge a fee for placing a security freeze is rooted in consumer protection principles. The law recognizes that when individuals are victims of identity theft, they should not face additional financial barriers when trying to protect themselves from further harm. By eliminating fees for security freezes, the legislation ensures that victims can secure their financial information without incurring extra costs, thereby encouraging individuals to take essential steps to protect their identities. In contrast, the other options do not align with the key provisions typically protected under identity theft laws. For instance, notifying consumers about a denied third-party request or updating consumer files on an annual basis serve important communication and operational functions rather than placing financial burdens on the consumer. Similarly, releasing credit information while a security freeze is in place contradicts the purpose of a freeze but does not inherently violate the

**2. When a mortgage loan is declined, within how many days must the lender provide the applicant with an Adverse Action Notice?**

**A. 10 days**

**B. 15 days**

**C. 20 days**

**D. 30 days**

The correct timeframe for a lender to provide an Adverse Action Notice after declining a mortgage loan application is within 30 days. This requirement is set forth by the Equal Credit Opportunity Act (ECOA), which mandates that lenders inform applicants of denials and the reasons for those denials in a timely manner to ensure transparency and fairness in the lending process. In this context, while you selected the option for 10 days, it's important to note that the requirement is actually 30 days. This allows the lender sufficient time to process the decision and properly inform the applicant about the status of their loan application, which includes reasons for the adverse action taken. By adhering to this 30-day timeframe, lenders remain compliant with federal regulations designed to protect consumers during the lending process.

**3. The Commissioner of the Division of Financial Institutions does not have the authority to:**

- A. Conduct audits of licensees**
- B. Enforce compliance with the law**
- C. Issue cease and desist orders**
- D. Request records**

The Commissioner of the Division of Financial Institutions is tasked with overseeing financial institutions and ensuring they adhere to applicable laws and regulations. This role includes various powers that are essential for maintaining the integrity and proper functioning of financial entities within the state. While conducting audits is a standard practice to ensure compliance and operational integrity, the specific power to perform audits is typically delegated to staff or designated agents rather than being a direct authority of the Commissioner themselves. This means the Commissioner may not have the direct authority to conduct audits but rather to ensure that such audits are carried out as part of the overall regulatory framework. In contrast, the authority to enforce compliance with the law, issue cease and desist orders, and request records are all critical functions of the Commissioner. These powers allow the Commissioner to take necessary actions to ensure that all licensed entities are operating within the bounds of the law, thus protecting consumers and maintaining the stability of the financial system.

**4. What does "points" effectively do for borrowers in mortgage lending?**

- A. It modifies the loan term length based on fees paid**
- B. It reduces the interest rate on the mortgage**
- C. It increases the total loan amount authorized**
- D. It ensures faster processing of loan applications**

The concept of "points" in mortgage lending refers to upfront fees that borrowers can pay to lower their interest rate on the mortgage. Each point corresponds to 1% of the loan amount and paying points effectively allows borrowers to "buy down" their interest rate, which can lead to significant savings over the life of the loan. For instance, paying points upfront can reduce the monthly payment and decrease the total amount of interest paid over time, making it an appealing option for borrowers who plan to stay in their homes for an extended period. Other options do not align with the function of points in mortgage terminology. For example, while adjusting the loan term length based on fees paid sounds plausible, it does not directly relate to the payment of points. Furthermore, points do not increase the total loan amount; they are merely a method to adjust the associated costs of the loan rather than expanding the principal. Finally, paying points does not guarantee faster processing of loan applications, as the speed of processing typically depends on the lender's internal procedures and the completeness of the borrower's documentation, rather than the number of points paid. Thus, the primary role of points is to provide borrowers with a way to secure a lower interest rate, which is why the correct answer is that points

**5. Which aspect is NOT included in the criteria for mortgage eligibility?**

**A. Credit score**

**B. Home location**

**C. Debt-to-income ratio**

**D. Employment history**

The correct answer is that home location is not included in the criteria for mortgage eligibility. When lenders consider a borrower's eligibility for a mortgage, they typically focus on personal financial metrics. Key factors include the credit score, which reflects the borrower's creditworthiness; the debt-to-income ratio, which assesses the borrower's ability to manage monthly payments relative to their income; and employment history, which provides insight into job stability and income reliability. While the location of the property can influence certain aspects of the mortgage process, such as appraisal values and insurance costs, it does not directly determine an applicant's eligibility for a loan. Instead, lenders focus more on the financial health and risk profile of the borrower. Factors related to the property may affect terms or approval but are separate from the eligibility criteria based directly on borrower qualifications.

**6. When assessing Hannah's ability to repay the loan, John should consider all of the following, EXCEPT Hannah's:**

**A. Credit history**

**B. Income and employment status**

**C. Marital status**

**D. Monthly debts**

In assessing Hannah's ability to repay the loan, it is essential to evaluate various factors that contribute to her financial stability and repayment capacity. Credit history, income and employment status, and monthly debts are all pivotal elements that lenders typically review during the underwriting process. While marital status can sometimes play a role in financial assessments—especially if it affects household income or joint debts—it is not a direct indicator of an individual's capability to repay a loan. Marital status does not inherently reflect financial responsibility or the ability to manage debt; therefore, it is less relevant in determining loan eligibility compared to the other factors mentioned. In summary, while Hannah's credit history, income and employment status, and monthly debts provide concrete insights into her financial health and ability to repay the loan, her marital status does not directly correlate with her repayment capability, making it the option that should not be a primary consideration in this context.

**7. If renewal requirements are not met by December 31:**

**A. New applications must be submitted**

**B. The license will expire**

**C. The licensee will be fined**

**D. There will be a probation period**

The correct answer in this scenario is that the license will expire if renewal requirements are not met by December 31. In many jurisdictions, including West Virginia, failing to meet renewal deadlines typically results in the automatic expiration of a license. This is a regulatory measure to ensure that all licensed individuals maintain their credentials through timely compliance with renewal processes. Submitting a new application signifies starting over in the licensing process rather than renewing an existing one. This can lead to gaps in licensing status, potential penalties, or the inability to operate legally until a new license is obtained. Hence, understanding the implications of license expiration is crucial for any professional in the mortgage industry.

**8. According to the Good Funds Settlement Act, funds must be available for a loan which is subject to rescission no later than:**

**A. Three days after closing**

**B. One day prior to closing**

**C. Day of closing**

**D. After the rescission period expires**

The correct answer indicates that, for loans that are subject to rescission under the Good Funds Settlement Act, the funds must be made available no later than three days after closing. This timing requirement is crucial because it aligns with the consumer's right to rescind certain transactions under the Truth in Lending Act. The three-day period allows borrowers to review the terms of the mortgage and make an informed decision, ensuring that they have the opportunity to reconsider their commitment. This framework is designed to protect consumers and promote transparency in the settlement process. In contrast, having funds available one day prior to closing would not accommodate the consumer's right to rescind after the closing has taken place. Funds being available on the day of closing could create confusion regarding the rights of the borrower post-closing. Allowing funds to be available only after the rescission period adds unnecessary delay and does not serve the purpose of the Act in facilitating timely access to funds while ensuring consumer rights are upheld.

**9. All of the following are required to be licensed under West Virginia law, except:**

**A. Loan originators**

**B. Mortgage brokers**

**C. Mortgage processors**

**D. Mortgage lenders**

In West Virginia, loan originators are not required to be licensed under state law, unlike mortgage brokers, mortgage processors, and mortgage lenders. Loan originators are individuals who work with borrowers to complete mortgage transactions but do not have the same licensing requirements as the other professionals involved in the mortgage process. This is why choice A is the correct answer.

## 10. What are foreclosure proceedings?

- A. The process of selling a property to cover unpaid taxes
- B. A method of negotiating loan repayment terms
- C. The legal steps taken by a lender to reclaim a property**
- D. The procedures for transferring property ownership after a sale

Foreclosure proceedings refer to the legal steps taken by a lender to reclaim a property when the borrower has defaulted on their mortgage obligations. This process typically begins when a homeowner fails to make mortgage payments, prompting the lender to initiate a series of legal actions to recover the debt secured by the property. In a foreclosure, the lender seeks to obtain ownership of the property to sell it in order to recuperate the amount owed on the loan. The process involves several stages, including sending notices to the borrower, filing a lawsuit if necessary, and ultimately auctioning the property if the borrower cannot resolve the default. Understanding this process is crucial in the context of mortgage law as it highlights the rights of both lenders and borrowers, as well as the potential consequences of a mortgage default.