

West Virginia Mortgage Loan Originator (MLO) Practice Test (Sample)

Study Guide



Everything you need from our exam experts!

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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. How much do mortgage brokers and lenders in West Virginia need to pay for each residential mortgage loan they originate or broker?**
 - A. \$10**
 - B. \$25**
 - C. \$50**
 - D. \$100**

- 2. How frequently will the Commissioner publish the list of licenses issued?**
 - A. Monthly**
 - B. Quarterly**
 - C. Annually**
 - D. Biannually**

- 3. What is the maximum allowable interest rate for a mortgage loan in West Virginia?**
 - A. 8% per year**
 - B. 5% per year**
 - C. 6% per year**
 - D. 7% per year**

- 4. Under the SAFE Act, what prerequisite test must MLOs pass to obtain a license?**
 - A. A written test on state law only**
 - B. A national written test that includes questions on federal law, ethics, and mortgage loan origination**
 - C. A background check without a written test**
 - D. A practical exam on loan processing**

- 5. What is the legal consequence for each violation of the Residential Mortgage Lender, Broker and Servicer Act in West Virginia?**
 - A. Fine only**
 - B. Imprisonment only**
 - C. Misdemeanor**
 - D. Felony**

- 6. Under the Equal Credit Opportunity Act (ECOA), discrimination based on race is considered what?**
- A. Legal and permissible**
 - B. Illegal and prohibited**
 - C. Conditional based on loan type**
 - D. Unregulated**
- 7. What document is primarily responsible for detailing the terms and conditions of a mortgage loan?**
- A. Promissory note**
 - B. Closing disclosure**
 - C. Loan estimate**
 - D. Mortgage agreement**
- 8. Which of the following is an example of a conventional loan?**
- A. A loan backed by FHA insurance**
 - B. A loan that is not insured or guaranteed by the government**
 - C. A VA loan for veterans**
 - D. A loan specifically for first-time homebuyers**
- 9. For how long must mortgage lenders retain records after the loan closing?**
- A. 12 months**
 - B. 36 months**
 - C. 60 months**
 - D. 120 months**
- 10. What aspect of a borrower's financial situation is referred to as DTI?**
- A. Debt-To-Income Ratio**
 - B. Deposit-To-Investment Ratio**
 - C. Down payment-To-Income Ratio**
 - D. Debt-To-Interest Ratio**

Answers

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

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Explanations

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1. How much do mortgage brokers and lenders in West Virginia need to pay for each residential mortgage loan they originate or broker?

- A. \$10**
- B. \$25**
- C. \$50**
- D. \$100**

The correct answer is \$10. In West Virginia, mortgage brokers and lenders are required to pay a fee of \$10 for each residential mortgage loan they originate or broker. This fee is mandated by the West Virginia Division of Financial Institutions, serving as a means to fund the regulatory oversight of mortgage lending activities. This small fee helps ensure compliance with state regulations and contributes to the overall integrity of the mortgage lending process. By keeping the fee relatively low, it promotes accessibility for brokers and lenders, which can ultimately aid consumers seeking mortgage loans. The amount reflects the state's intention to balance regulation with the need for a viable lending environment. Understanding the significance of this fee is crucial for anyone in the mortgage industry in West Virginia, as it impacts how businesses operate and interact with clients.

2. How frequently will the Commissioner publish the list of licenses issued?

- A. Monthly**
- B. Quarterly**
- C. Annually**
- D. Biannually**

The correct answer is that the Commissioner publishes the list of licenses issued annually. This practice helps maintain a clear and organized record of licensed Mortgage Loan Originators (MLOs) in West Virginia, ensuring that stakeholders such as consumers, lenders, and regulatory authorities have access to updated information regarding who is authorized to operate in this field. Publishing the licenses annually allows for a comprehensive review of the licensing status and facilitates transparency in the mortgage industry. This frequency also aligns with many regulatory practices that allow enough time to process new applications, renewals, and updates to existing licenses, making the information more reliable when it is released. Other options, like monthly or quarterly publication, may create unnecessary administrative burden or confusion due to the volume of changes that can occur in any given short period, whereas biannual reporting might not provide sufficient updates for those seeking to engage with licensed professionals. Thus, the annual schedule strikes a balance between timely information and manageable oversight.

3. What is the maximum allowable interest rate for a mortgage loan in West Virginia?

- A. 8% per year**
- B. 5% per year**
- C. 6% per year**
- D. 7% per year**

The maximum allowable interest rate for a mortgage loan in West Virginia is typically governed by state usury laws and can vary depending on the type of loan or lender. The correct answer indicates an annual interest rate of 6%, which aligns with certain legislative limits established to protect borrowers. In many cases, states set a ceiling on interest rates to ensure that borrowers are not subject to excessively high rates that could lead to financial hardship. The 6% rate provides a balance that makes borrowing feasible while also protecting consumers. Each of the other options presents an interest rate that is higher than the maximum allowable under prevailing regulations or specific agreements. Knowing that the allowed rate is 6% is crucial for loan originators, as they must ensure compliance with state laws while advising and assisting their clients in terms of mortgage loans. Being aware of the maximum rates helps prevent potential legal issues and ensures that consumers are fairly treated in the lending process.

4. Under the SAFE Act, what prerequisite test must MLOs pass to obtain a license?

- A. A written test on state law only**
- B. A national written test that includes questions on federal law, ethics, and mortgage loan origination**
- C. A background check without a written test**
- D. A practical exam on loan processing**

The prerequisite test that Mortgage Loan Originators (MLOs) must pass to obtain a license under the SAFE Act is a national written test that encompasses questions on federal law, ethics, and mortgage loan origination. This requirement is designed to ensure that MLOs have a comprehensive understanding of the varied regulations that govern the mortgage industry, as well as a strong awareness of ethical practices that uphold the integrity of the profession. This national written test is pivotal because it establishes a baseline of knowledge necessary for MLOs to function effectively and responsibly in their roles. The inclusion of both federal laws and ethical considerations reflects the commitment to consumer protection and regulatory compliance in the mortgage lending process. The other choices do not meet the comprehensive requirements set by the SAFE Act. A written test on state law only would fail to cover vital federal regulations and ethical standards. A background check without a written test would not assess the MLO's knowledge and competency. Similarly, a practical exam on loan processing, while useful, does not cover the essential knowledge of laws and ethics critical for a licensed MLO. Thus, the national written test ensures that MLOs are well-prepared to serve consumers effectively and adhere to industry standards.

5. What is the legal consequence for each violation of the Residential Mortgage Lender, Broker and Servicer Act in West Virginia?

- A. Fine only
- B. Imprisonment only
- C. Misdemeanor**
- D. Felony

The appropriate consequence for a violation of the Residential Mortgage Lender, Broker, and Servicer Act in West Virginia is classified as a misdemeanor. This classification indicates that while violations are taken seriously and are subject to legal penalties, they are not classified as felonies, which are more severe offenses. A misdemeanor typically carries less severe penalties than a felony and can include fines, community service, or a short term of imprisonment (generally less than one year). This framework is intended to ensure that mortgage professionals maintain ethical standards and compliance with regulations within the industry, while also providing a structure for addressing misconduct that does not warrant more severe criminal consequences. Classifying violations as misdemeanors allows regulatory authorities to penalize licensees for improper conduct effectively while still encouraging adherence to industry standards, ultimately aiming to protect consumers and maintain the integrity of the mortgage lending process.

6. Under the Equal Credit Opportunity Act (ECOA), discrimination based on race is considered what?

- A. Legal and permissible
- B. Illegal and prohibited**
- C. Conditional based on loan type
- D. Unregulated

Discrimination based on race is classified as illegal and prohibited under the Equal Credit Opportunity Act (ECOA). This federal law was enacted to ensure that all individuals have fair and equal access to credit without facing discrimination based on certain characteristics, including race, color, religion, national origin, sex, marital status, age, or because they receive public assistance. ECOA aims to promote fairness in loan origination and lending practices, prohibiting creditors from denying loans or treating applicants unfavorably solely due to their race. By upholding these standards, ECOA fosters a more equitable lending environment, thereby supporting consumer rights and encouraging responsible lending. The other options do not align with the intent and legal provisions of ECOA, as they either suggest that such discrimination could be permissible, conditional, or unregulated, which contradicts the protections established by the act.

7. What document is primarily responsible for detailing the terms and conditions of a mortgage loan?

- A. Promissory note**
- B. Closing disclosure**
- C. Loan estimate**
- D. Mortgage agreement**

The mortgage agreement is the document that primarily outlines the terms and conditions of a mortgage loan. This document provides crucial details such as the loan amount, interest rate, payment schedule, and any conditions or covenants that the borrower must adhere to during the loan term. It serves as a legally binding contract between the borrower and the lender, ensuring that both parties are aware of their rights and obligations regarding the mortgage. In contrast, the promissory note is a separate document that specifically details the borrower's promise to repay the loan, including the amount owed and the repayment schedule, but it does not encompass the broader terms of the mortgage itself. The closing disclosure is a document provided before closing that outlines the final costs of the loan, including fees, which are important but secondary to the fundamental terms of the mortgage. The loan estimate, provided earlier in the loan process, gives borrowers an initial overview of the loan's terms and costs but is not the definitive contract like the mortgage agreement.

8. Which of the following is an example of a conventional loan?

- A. A loan backed by FHA insurance**
- B. A loan that is not insured or guaranteed by the government**
- C. A VA loan for veterans**
- D. A loan specifically for first-time homebuyers**

A conventional loan is defined as a mortgage that is not insured or guaranteed by the federal government. This type of loan typically follows the guidelines set by Fannie Mae and Freddie Mac but does not have the government backing that is characteristic of loans such as FHA, VA, or USDA loans. Option B correctly identifies a conventional loan, highlighting that it operates within the realm of private lending and adheres to established guidelines without the safety net of governmental insurance. In the context of the other options, the loan backed by FHA insurance explicitly indicates it is government-insured, the VA loan is designed for eligible veterans and also backed by the government, and a loan specifically for first-time homebuyers could fall under various categories including state or federal programs, which may also have governmental support. Thus, the key aspect of a conventional loan lies in its lack of government backing, making option B the definitive answer.

9. For how long must mortgage lenders retain records after the loan closing?

- A. 12 months**
- B. 36 months**
- C. 60 months**
- D. 120 months**

Mortgage lenders are required to retain records for a specific period after the closing of a loan to ensure compliance with various federal regulations, including those from the Consumer Financial Protection Bureau (CFPB) and the Truth in Lending Act (TILA). The correct answer indicates that lenders must keep these records for 60 months. This five-year period allows for adequate oversight and review in case of audits or legal inquiries related to the loan. It ensures that there is a reliable paper trail for all transactions, giving consumers access to necessary documentation and protecting the integrity of the lending process. The retention period is significant in protecting consumer rights and supporting transparent lending practices. A shorter retention period, such as 12 or 36 months, would not provide sufficient stability for review and compliance checks, while an excessively long period, like 120 months, may be seen as burdensome and unnecessary in light of efficiency requirements in record keeping. This balance between compliance, consumer protection, and practical administration is what underscores the importance of the 60-month retention rule.

10. What aspect of a borrower's financial situation is referred to as DTI?

- A. Debt-To-Income Ratio**
- B. Deposit-To-Investment Ratio**
- C. Down payment-To-Income Ratio**
- D. Debt-To-Interest Ratio**

DTI stands for Debt-To-Income Ratio, which is a crucial measurement used by lenders to evaluate a borrower's financial health and ability to repay a loan. It compares the total monthly debt payments of the borrower to their gross monthly income. A lower DTI indicates that a borrower has a healthy balance between their income and debt obligations, which can make them a more attractive candidate for a mortgage loan. Understanding DTI is essential for mortgage loan originators as it helps in assessing the risk involved in lending to a particular borrower. Lenders typically prefer a DTI under a certain percentage, as it suggests the borrower is not over-leveraged and is more likely to manage their mortgage payments sustainably. The other options provide alternate interpretations of different financial metrics but do not accurately define DTI. For instance, the "Deposit-To-Investment Ratio" and "Down payment-To-Income Ratio" do not pertain to standard financial analysis regarding a borrower's capacity to handle debt effectively, while "Debt-To-Interest Ratio" is not utilized in evaluating loan eligibility. Thus, identifying DTI as the Debt-To-Income Ratio is essential for assessing a borrower's financial situation when applying for a mortgage.

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://wvmlo.examzify.com>

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

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