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Latest Success Metrics For Actual MLO Exam 2025 Realistic Dumps [Q31-Q47

Latest Success Metrics For Actual MLO Exam 2025 Realistic Dumps Updated MLO Dumps Questions For NMLS Exam
Q31. A mortgage loan originator (MLO) received a salary of 1% per loan plus a bonus of $5,000 for closing the most loans in the office last year. In addition, he received a trip to Hawaii based on closing 100 or more transactions with an interest rate of 5% or higher. Is the MLO’s compensation prohibited?
* His compensation is permitted as compensation only includes salary and his salary is not based on loan terms.
* His compensation is permitted as compensation only includes salary and bonuses and his salary and bonus is not based on loan terms.
* His compensation is not permitted as compensation only includes salary and his salary is based on loan terms.
* His compensation is not permitted as compensation includes all financial incentives and his trip was awarded based on closing the most loans with certain loan terms.
Under Dodd-Frank Act regulations and Regulation Z (TILA), mortgage loan originators (MLOs) cannot be compensated based on the terms of the loan, such as interest rates, loan amount, or product type. This includes any financial incentives, like bonuses or rewards, tied to loan terms. In this case:

* The trip to Hawaii was awarded based on closing loans with an interest rate of 5% or higher, which directly ties the MLO’s compensation to a specific loan term (the interest rate).

* This violates the Loan Originator Compensation Rule, which prohibits compensating MLOs based on the terms or conditions of a loan, in order to protect borrowers from steering into unfavorable loan products.

Therefore, all forms of compensation-including bonuses, trips, or other rewards-are scrutinized if they are tied to loan terms, making the MLO’s trip to Hawaii an illegal incentive under current law.

References:

* Dodd-Frank Act – Loan Originator Compensation Rules

* TILA/Regulation Z – Anti-Steering and Loan Terms Compensation Rules

Q32. Which of the following fees is a finance charge?
* A notary fee
* An origination fee
* An appraisal fee
* A late payment fee

An origination fee is considered a finance charge under TILA because it represents the cost of obtaining credit. A finance charge includes all fees that a borrower must pay as a condition of securing a loan, excluding certain exempt fees like notary or appraisal fees.

* Notary fees (A) and appraisal fees (C) are typically excluded from the finance charge calculation.

* Late payment fees (D) are not considered finance charges; they are penalties for delinquent payments.

References:

* Truth in Lending Act (TILA), 12 CFR §1026.4 (Regulation Z)

* CFPB Finance Charge Definitions

Q33. A mortgage loan originator (MLO) is in the process of taking an application for a 30-year mortgage, and the borrowers are over 72 years old. Which of the following actions must the MLO take?
* The MLO must present them with a reverse mortqaqe.
* The MLO must present them with a home equity line of credit (HELOC).
* The MLO must complete the application and proceed as normal.
* The MLO must inquire about the ability to repay in the event of a borrower’s death.

Under the Equal Credit Opportunity Act (ECOA), age cannot be a basis for discrimination in the loan application process. If borrowers are over 72 years old, the MLO must complete the application and proceed as normal, treating them the same as any other applicant. The MLO should not make assumptions about the borrowers’ needs, such as automatically suggesting a reverse mortgage (A) or a home equity line of credit (B). Similarly, there is no obligation for the MLO to inquire specifically about the borrower’s ability to repay in the event of death (D), as this would be age discrimination.

References:

* Equal Credit Opportunity Act (ECOA), 15 U.S.C. §1691

* CFPB Guidelines on age and lending practices

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Q34. According to the Truth in Lending Act (TILA), a dwelling includes which of the following?
* An unimproved lot
* A six-unit apartment complex
* An individual condominium unit
* A timeshare

Under the Truth in Lending Act (TILA), a dwelling is defined as any residential structure that includes one to four units, such as an individual condominium unit, single-family home, or townhouse. This definition also includes mobile homes or manufactured homes, as long as they are used as residences.

* Unimproved lots (A) are not considered dwellings because they lack a residential structure.

* A six-unit apartment complex (B) exceeds the limit of four units for a dwelling under TILA.

* Timeshares (D) are typically considered non-residential and do not meet the TILA definition of a dwelling.

References:

* Truth in Lending Act (TILA), 12 CFR §1026.2(a)(19)

* CFPB Guidelines on TILA’s definition of a dwelling

Q35. Which of the following entities is the primary regulatory authority for state-licensed, non-depository lenders?
* NMLS
* The Federal Trade Commission
* A state regulator
* The Conference of State Bank Supervisors

For state-licensed, non-depository lenders, the primary regulatory authority is the state regulator in the jurisdiction where the lender operates. Each state has its own agency or department responsible for overseeing licensing, compliance, and enforcement of mortgage laws for non-depository institutions.

* The NMLS (A) is the system used to manage licenses but is not a regulatory authority.

* The Federal Trade Commission (B) oversees federal consumer protection laws but is not the primary regulator for state-licensed lenders.

* The Conference of State Bank Supervisors (CSBS) (D) helps coordinate state regulation but does not directly regulate individual lenders.

References:

* SAFE Act, 12 USC §5101

* NMLS and State Regulator Guidelines

Q36. According to Federal Reserve Regulation Z, which of the following fees is a finance charge in a residential mortgage transaction?
* Notary
* Interest
* Credit report
* Title Insurance

Under Federal Reserve Regulation Z, which implements the Truth in Lending Act (TILA), interest is classified as a finance charge because it represents the cost of borrowing the funds over the life of the loan.

Finance charges include any fee that a borrower pays as a condition of obtaining the loan, such as interest, points, and certain fees.

* Notary fees (A), credit report fees (C), and title insurance (D) are not considered finance charges because they are third-party fees not directly related to the cost of borrowing.

References:

* Truth in Lending Act (TILA), 12 CFR §1026.4

* CFPB Regulation Z Guidelines

Q37. During the closing the borrower notices that the interest rate increased from 3.250% to 3.875%. The lender must:
* tell the borrower to close the loan.
* close the loan, then re-disclose after the loan funds.
* postpone the closing, re-disclose and wait three days.
* postpone the closing, re-disclose and wait three business days.

Under the TILA-RESPA Integrated Disclosure (TRID) rules, any significant change to the Annual Percentage Rate (APR) beyond the allowed tolerance before closing requires the lender to provide a revised Closing Disclosure (CD). If the APR increases by more than 0.125% for fixed-rate loans, the lender must re- disclose the CD and provide the borrower with at least three business days to review the updated terms before consummation (closing).

* In this case, the interest rate increase from 3.250% to 3.875% is a significant change that impacts the APR, triggering the need for re-disclosure and the mandatory three-business-day waiting period.

* The lender must postpone the closing until the new three-day waiting period passes to ensure compliance with TRID regulations.

References:

* TILA-RESPA Integrated Disclosure Rule (TRID), 12 CFR §1026.19(f)

* CFPB TRID Guidelines

Q38. A lender is permitted to accept the employment information provided by the borrower on the initial loan application without asking for a letter of explanation in which of the following circumstances?
* The borrower lacks a history in an industry that requires specific skills.
* A recent college graduate holds a high-level position in the organization.
* The residence is more than 120 miles from the work location on a refinance.
* The borrower has been employed by the same company for three years.

Lenders are permitted to accept the employment information provided by the borrower on the initial loan application without asking for a letter of explanation when the borrower has a stable employment history, such as being employed by the same company for three years or more. This provides sufficient documentation of employment stability, reducing the need for further explanation.

* Other options (A, B, C) involve situations where the employment status or job stability may raise concerns, thus requiring additional documentation or explanation.

References:

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* Fannie Mae Selling Guide on employment verification

* Freddie Mac Employment History Guidelines

Q39. How many days must a borrower’s mortgage loan be delinquent before the mortgage company is permitted to submit the first notice filing in the foreclosure process?
* 30 days
* 60 days
* 90 days
* 120 days

Under the CFPB mortgage servicing rules, a mortgage company cannot initiate foreclosure proceedings until a borrower’s loan is at least 120 days delinquent. This rule is designed to give borrowers sufficient time to explore loss mitigation options, such as loan modification, forbearance, or repayment plans, before facing foreclosure.

* The 120-day delinquency rule applies to all residential mortgage loans, providing a mandatory grace period before foreclosure filing.

This requirement is part of the Dodd-Frank Act and is enforced under Regulation X.

References:

* CFPB Mortgage Servicing Rules

* 12 CFR Part 1024 (Regulation X)

Q40. According to the Truth in Lending Act (TILA), which of the following advertising statements does not require additional disclosures to supplement the advertisement?
* “Payments as low as $600 for a $100,000 mortgage”
* “Only 1 point up front to get you in a home”
* “15-year and 30-year mortgages available”
* “Come in today for your free consultation”

Under TILA’s advertising rules (Regulation Z), general statements such as “Come in today for your free consultation” do not trigger the requirement for additional disclosures. This type of advertisement does not include specific loan terms like payment amounts, interest rates, or other terms that would require further explanation.

* Advertisements with terms like “Payments as low as $600” (A) or “1 point up front” (B) are triggering terms under TILA and would require additional disclosures about the APR, loan term, and other conditions.

References:

* Truth in Lending Act (TILA), 12 CFR Part 1026 (Regulation Z)

* CFPB Advertising Guidelines on TILA

Q41. Mortgage loan originators planning to renew their licenses are required by the SAFE Act to complete which of the following education topics as part of their mandatory annual continuing education?
* Credit score modeling standards
* Mortgage loan loss mitigation standards
* Nontraditional mortgage lending standards
* 30-year conventional mortgage lending standards

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Under the SAFE Act, mortgage loan originators (MLOs) must complete 8 hours of continuing education (CE) each year to maintain their licenses. The required CE topics include:

* 3 hours of federal law and regulations.

* 2 hours of ethics, which must include instruction on fraud, consumer protection, and fair lending.

* 2 hours on nontraditional mortgage lending standards, which refers to loan products that do not have fixed interest rates, such as adjustable-rate mortgages (ARMs) and other alternative loan types.

* 1 elective hour, which can vary based on state or company preferences.

The focus on nontraditional mortgage lending helps ensure MLOs understand the complexities and risks of nonstandard loan products.

References:

* SAFE Act Continuing Education Requirements

* NMLS Annual Renewal Guidelines

Q42. According to Regulation Z, which of the following is a prohibited act?
* Including undocumented child support payments made by the borrower
* Issuing disclosures to applicants
* Redisclosing a Loan Estimate immediately after locking the rate
* Advertising rates not currently available to applicants

Under Regulation Z, which implements the Truth in Lending Act (TILA), it is a prohibited act to advertise mortgage rates that are not currently available to applicants. This rule ensures transparency in advertising, preventing lenders from misleading consumers with rates or terms that they cannot actually offer.

* Advertising must reflect current, accurate rates and must not mislead borrowers about the costs or availability of loans.

Other options:

* Including undocumented child support (A) may violate documentation standards but is not prohibited under Regulation Z.

* Issuing disclosures (B) and re-disclosing Loan Estimates (C) are required actions under TILA and TRID.

References:

* Regulation Z (TILA), 12 CFR Part 1026

* CFPB Advertising Rules under TILA

Q43. Which of the following acts requires mortgage loan originators to complete annual continuing education to satisfy the requirement for licensure?
* The SAFE Act
* The Dodd-Frank Act
* The Truth in Lending Act (TILA)
* The Equal Credit Opportunity Act

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The SAFE Act (Secure and Fair Enforcement for Mortgage Licensing Act) requires all state-licensed mortgage loan originators (MLOs) to complete annual continuing education (CE) as part of their licensure requirements. This includes 8 hours of CE, covering topics like federal law, ethics, and nontraditional mortgage products.

The goal of the SAFE Act is to ensure MLOs are knowledgeable about regulations, ethical practices, and current mortgage industry trends. Failing to complete the required education can result in a license being suspended or revoked.

Other Acts:

* The Dodd-Frank Act (B) sets broader regulations, such as those related to mortgage loan origination compensation.

* TILA (C) governs disclosures and loan terms but does not mandate CE.

* ECOA (D) focuses on preventing discrimination in credit but does not require CE.

References:

* SAFE Act, 12 USC §5101

* NMLS Continuing Education Requirements

Q44. A creditor receives an application with all the required pieces of information but wants to have additional information to determine a borrower’s qualifications for a loan. Which of the following actions is most compliant with industry regulations?
* Consider the application incomplete and put initial processing on hold until the additional information is received
* Carefully document attempts to obtain the necessary additional information from the consumer to show why the decision to hold further processing was made
* Provide timely initial disclosures to the consumer even though the requested information when received may reflect that the initially disclosed figures are outdated
* Provide a fees worksheet, a Falr Lending Disclosure and an Equal Credit Opportunity Act (ECOA) form to the consumer, waiting until the additional necessary information is obtained to Issue the balance of required disclosures
In this situation, the most compliant action is to provide timely initial disclosures to the borrower within the required timeframe, even if the figures may be adjusted later when additional information is obtained. This is in accordance with TILA-RESPA Integrated Disclosure (TRID) rules, which mandate that the Loan Estimate (LE) must be provided within three business days after receiving an application, even if all details are not yet finalized.

* Holding off on processing (Option A) or waiting until additional information is obtained (Option D) is non-compliant, as this could violate the timely disclosure requirements.

* While documenting attempts to gather information (Option B) is good practice, it does not fulfill the regulatory obligation to provide disclosures promptly.

By issuing initial disclosures, even if the numbers are subject to change, the creditor remains compliant with the Consumer Financial Protection Bureau (CFPB) guidelines. Corrections can be made in subsequent disclosures.

References:

* TILA-RESPA Integrated Disclosure Rule (TRID)

* CFPB Regulation Z requirements for disclosures

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Q45. According to the Truth in Lending Act (TILA), the term “finance charge” includes which of the following charges?
* A standard credit application fee charged to all loan applicants
* Seller’s points offered to reduce the borrower’s closing costs
* Document preparation fees for items such as mortgages and deeds
* Daily or per diem interest paid by borrower

Under TILA, the term finance charge includes any fees related to the cost of borrowing, such as daily or per diem interest paid by the borrower. The finance charge encompasses all charges imposed by the creditor as a condition of extending credit, including interest, points, and loan origination fees.

* Seller’s points (B) are not part of the finance charge because they are paid by the seller.

* Standard application fees (C) and document preparation fees (D) are typically excluded unless they are specifically tied to the cost of obtaining credit.

References:

* Truth in Lending Act (TILA), 12 CFR §1026.4

* CFPB Finance Charge Definition

Q46. The Equal Credit Opportunity Act (ECOA) defines the term “elderly” as anyone:
* 60 years of age or older.
* 62 years of age or older.
* 65 years of age or older.
* 70 years of age or older.

Under the Equal Credit Opportunity Act (ECOA), the term “elderly” is defined as anyone who is 62 years of age or older. This designation is significant in fair lending, as the ECOA prohibits discrimination based on age in any aspect of a credit transaction, including mortgage lending.

* ECOA protects borrowers from being denied credit or offered unfavorable terms based solely on their age, and it provides additional protections to borrowers considered “elderly.” References:

* Equal Credit Opportunity Act (ECOA), 15 U.S.C. § 1691(a)

* CFPB Regulation B, 12 CFR Part 1002

Q47. The appraiser valuation independence obligates appraisers to perform their duties in a manner free from outside influence through which of the following actions?
* Encouraging a target value
* Withholding payment from an appraiser
* Asking the appraiser to substantiate a value
* Communication directly between the loan officer and the appraiser

Under the Appraiser Independence Requirements (AIR), appraisers are obligated to perform their duties free from outside influence or coercion. Asking the appraiser to substantiate a value is permissible because it falls within the scope of ensuring an accurate and credible appraisal. However, it is not permissible to pressure the appraiser into achieving a target value (A) or to withhold payment (B) for unfavorable valuations.

* Direct communication between the loan officer and the appraiser (D) may be restricted or controlled to prevent undue influence.

References:

* Dodd-Frank Act, Appraisal Independence Rules

* CFPB Valuation Independence Requirements

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