

01	☐ A	☐ B	☐ C	☐ D	☒ E
02	☐ A	☐ B	☐ C	☐ D	☒ E
03	☐ A	☐ B	☐ C	☒ D	☐ E
04	☐ A	☐ B	☒ C	☐ D	☐ E
05	☐ A	☐ B	☒ C	☐ D	☐ E
06	☒ A	☐ B	☐ C	☐ D	☐ E
07	☐ A	☒ B	☐ C	☐ D	☐ E
08	☒ A	☐ B	☐ C	☐ D	☐ E
09	☐ A	☐ B	☐ C	☐ D	☒ E
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11	☒ A	☐ B	☐ C	☐ D	☐ E
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13	☐ A	☐ B	☐ C	☐ D	☒ E

14	☐ A	☐ B	☐ C	☒ D	☐ E
15	☐ A	☒ B	☐ C	☐ D	☐ E
16	☐ A	☒ B	☐ C	☐ D	☐ E
17	☐ A	☐ B	☐ C	☒ D	☐ E
18	☐ A	☐ B	☒ C	☐ D	☐ E
19	☒ A	☐ B	☐ C	☐ D	☐ E
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22	☐ A	☐ B	☐ C	☒ D	☐ E
23	☐ A	☐ B	☐ C	☒ D	☐ E
24	☐ A	☐ B	☒ C	☐ D	☐ E
25	☐ A	☐ B	☒ C	☐ D	☐ E
26	☐ A	☐ B	☐ C	☐ D	☒ E

27	☒ A	☐ B	☐ C	☐ D	☐ E
28	☐ A	☐ B	☒ C	☐ D	☐ E
29	☐ A	☒ B	☐ C	☐ D	☐ E
30	☐ A	☐ B	☐ C	☒ D	☐ E
31	☐ A	☒ B	☐ C	☐ D	☐ E
32	☐ A	☒ B	☐ C	☐ D	☐ E
33	☐ A	☐ B	☐ C	☒ D	☐ E
34	☐ A	☐ B	☒ C	☐ D	☐ E
35	☐ A	☒ B	☐ C	☐ D	☐ E
36	☐ A	☐ B	☒ C	☐ D	☐ E
37	☒ A	☐ B	☐ C	☐ D	☐ E
38	☐ A	☒ B	☐ C	☐ D	☐ E
39	☒ A	☐ B	☐ C	☐ D	☐ E

PRACTICE QUESTIONS

Nationwide Mortgage Licensing System And Registry (NMLS)

03

SAFE MLO National Test

EDITION

Demo

QUESTIONS

9

FORMAT

Limited Edition PDF

Before you begin

What this is

9 practice questions for Nationwide Mortgage Licensing System And Registry (NMLS) 03 , each with its answer key and an explanation. Answer a question before you read its key — the explanation is worth more once you have committed.

If something looks wrong

Send us three things and we will check it:

- the exam code, 03
- the question number
- the email address on your order

Write to **support@mometrix.net**. We reply within one business day.

QUESTION 1

MULTIPLE CHOICE

Under RESPA, which of the following disclosures are required from a mortgage loan originator (MLO)? (Choose two.)

- ☒ **A** A Special Information Booklet at the time of loan application
- ☐ **B** A Good Faith Estimate of settlement charges within three business days of application
- ☒ **C** A Loan Estimate within three business days of receipt of a loan application
- ☐ **D** An annual written notice of mortgage servicing transfer

ANSWER A • C

WHY Under RESPA, as integrated with TILA via TRID, an MLO must provide a Special Information Booklet and a Loan Estimate within three business days of receiving a loan application. Option B describes the pre-TRID GFE, which is no longer used. Option D is not a required RESPA disclosure at application.

QUESTION 2

MULTIPLE CHOICE

Which of the following are required disclosures under TILA/TRID for a closed-end mortgage loan? (Choose two.)

- ☒ **A** Loan Estimate
- ☒ **B** Closing Disclosure
- ☐ **C** Good Faith Estimate
- ☐ **D** Special Information Booklet

ANSWER A • B

WHY TRID requires a Loan Estimate within three business days of application and a Closing Disclosure at least three business days before consummation. The Good Faith Estimate was replaced by the Loan Estimate under TRID. The Special Information Booklet is a RESPA, not a TILA, disclosure.

QUESTION 3 SINGLE CHOICE

Which of the following best describes mortgage fraud under the uniform state content standards?

- ☐ A Any unintentional misstatement on a loan application
- ☒ B A material misrepresentation or omission made with intent to deceive a lender, borrower, or other party to a mortgage transaction
- ☐ C A late payment on a mortgage loan
- ☐ D Failure to obtain a state license before originating mortgage loans

ANSWER B

WHY Mortgage fraud involves a material misrepresentation or omission made with intent to deceive. Unintentional errors (A) and late payments (C) do not constitute fraud. Operating without a license (D) is a licensing violation, not fraud.

QUESTION 4 SINGLE CHOICE

Under ECOA, a creditor may NOT discriminate against an applicant on the basis of which of the following characteristics?

- ☐ A Credit score
- ☐ B Income
- ☒ C Race, color, religion, national origin, sex, marital status, age, or because all or part of the applicant's income derives from public assistance
- ☐ D Debt-to-income ratio

ANSWER C

WHY ECOA prohibits discrimination based on the protected classes listed: race, color, religion, national origin, sex, marital status, age (provided the applicant is of legal age), and receipt of public assistance income. Credit score, income, and DTI are legitimate underwriting factors.

QUESTION 5

SINGLE CHOICE

What is the primary purpose of the SAFE Act, as administered through the NMLS?

- ☐ A To regulate the interest rates charged on mortgage loans
- ☒ B To establish a nationwide licensing system for residential mortgage loan originators
- ☐ C To require lenders to provide flood insurance on all properties
- ☐ D To set minimum appraisal requirements for federally related transactions

ANSWER B

WHY The SAFE Act (Secure and Fair Enforcement for Mortgage Licensing Act) established a nationwide licensing and registration system for residential mortgage loan originators, administered through the NMLS. Interest rate regulation (A), flood insurance (C), and appraisal requirements (D) are governed by other laws.

QUESTION 6

SINGLE CHOICE

An individual must obtain an NMLS MLO license in order to perform which of the following activities for compensation or gain?

- ☐ A Selling residential real estate owned by another party
- ☒ B Taking a residential mortgage loan application or offering or negotiating terms of a residential mortgage loan
- ☐ C Providing title insurance on a real estate transaction
- ☐ D Performing an appraisal of a residential property

ANSWER B

WHY The SAFE Act requires licensing for those who take applications, offer, or negotiate terms of residential mortgage loans for compensation or gain. Real estate sales, title insurance, and appraisals are regulated under separate licensing regimes.

QUESTION 7

SINGLE CHOICE

Under the Fair Housing Act, which of the following practices by an MLO is prohibited?

- ☒ **A Refusing to make a mortgage loan because of the applicant's national origin**
- ☐ B Offering a higher interest rate to all applicants with a debt-to-income ratio above 50%
- ☐ C Requiring a higher down payment from applicants with lower credit scores
- ☐ D Charging discount points based on the loan-to-value ratio

ANSWER A

WHY The Fair Housing Act prohibits discrimination in residential real estate-related transactions based on race, color, national origin, religion, sex, familial status, and disability. Refusing a loan because of national origin is prohibited discrimination. Options B, C, and D are legitimate, non-discriminatory risk-based pricing practices.

QUESTION 8

SINGLE CHOICE

The Home Mortgage Disclosure Act (HMDA) primarily requires lenders to do which of the following?

- ☐ A Disclose a loan's interest rate and APR to applicants
- ☒ **B Collect and report data about mortgage applications and loans for the purpose of identifying potential lending discrimination and community investment needs**
- ☐ C Provide borrowers with a Special Information Booklet at closing
- ☐ D Verify the borrower's employment and income

ANSWER B

WHY HMDA requires covered lenders to collect and report data about mortgage applications, originations, and denials. The data is used to help identify discriminatory lending patterns and to assess the availability of mortgage credit in communities. Interest rate disclosure (A) is required by TILA; the booklet (C) is a RESPA requirement; income/employment verification (D) is an underwriting, not a disclosure, function.

QUESTION 9

SINGLE CHOICE

Under RESPA, which of the following is generally prohibited in connection with a federally related mortgage loan?

- ☐ A Charging the borrower an application fee
- ☒ B Payment of a kickback or fee for the referral of settlement service business
- ☐ C Disclosing the Loan Estimate within three business days of application
- ☐ D Permitting the borrower to select a settlement service provider

ANSWER B

WHY RESPA's Section 8 prohibits kickbacks and unearned fees for referrals of settlement service business. Application fees (A) are generally permissible, the Loan Estimate disclosure (C) is required, and borrower choice of provider (D) is permitted.