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PRACTICE QUESTIONS

Arizona Insurance

RZH7TK5H

AZ Mortgage Broker

EDITION	QUESTIONS	FORMAT
Demo	9	Limited Edition PDF

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Before you begin

What this is

9 practice questions for Arizona Insurance `RZH7TK5H`, 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, `RZH7TK5H`
- the question number
- the email address on your order

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

QUESTION 1 SINGLE CHOICE

Under Arizona law, which of the following is required for an individual to act as a mortgage broker in the state?

A A valid Arizona real estate license only

B A license issued by the Arizona Department of Insurance and Financial Institutions (DIFI)

C Registration with the Arizona Attorney General's office

D Federal approval from the Consumer Financial Protection Bureau

ANSWER **B**

WHY Mortgage brokers in Arizona must be licensed by the Arizona Department of Insurance and Financial Institutions (DIFI), which oversees the mortgage broker industry in the state. A real estate license does not authorize mortgage broker activity, and registration with the Attorney General or federal CFPB approval is not the state-level requirement.

QUESTION 2 SINGLE CHOICE

The Real Estate Settlement Procedures Act (RESPA) primarily requires lenders and mortgage brokers to disclose which of the following to loan applicants?

A The borrower's credit score

B Settlement charges and any affiliated business arrangements

C The loan officer's annual salary

D The appraisal report in full

ANSWER **B**

WHY RESPA was enacted to ensure consumers receive disclosures regarding the nature and costs of the real estate settlement process. It requires the use of standardized disclosures such as the Loan Estimate (LE) and Closing Disclosure, and it specifically addresses the disclosure of settlement charges and affiliated business arrangements.

QUESTION 3 SINGLE CHOICE

Which Arizona entity is responsible for administering and enforcing the state's Mortgage Broker License Act?

A Arizona Department of Revenue

B Arizona Department of Insurance and Financial Institutions (DIFI)

C Arizona Corporation Commission

D Arizona Registrar of Contractors

ANSWER **B**

WHY The Arizona Department of Insurance and Financial Institutions (DIFI) is the state agency charged with licensing and supervising mortgage brokers in Arizona, including enforcing the Mortgage Broker License Act.

QUESTION 4 TRUE FALSE

A mortgage broker in Arizona is permitted to accept a fee from a borrower for services that the broker never actually performed, as long as the fee is disclosed in the loan estimate.

A True

B False

ANSWER **B**

WHY False. Arizona mortgage broker regulations and standard ethical practice prohibit charging fees for services not actually rendered. Disclosing an unearned fee does not make the practice lawful; charging for fictitious or unperformed services is a prohibited act and can result in license suspension or revocation.

QUESTION 5 SINGLE CHOICE

When qualifying a borrower for a mortgage loan, which ratio is most commonly used by lenders to compare a borrower's monthly debt payments to gross monthly income?

- A Loan-to-Value (LTV) ratio
- **B Debt-to-Income (DTI) ratio**
- C Operating Expense ratio
- D Price-to-Earnings ratio

ANSWER **B**

WHY The Debt-to-Income (DTI) ratio compares a borrower's monthly recurring debt obligations to their gross monthly income and is a standard underwriting metric. LTV compares the loan amount to the property's value; the others are not used for borrower qualification.

QUESTION 6 MULTIPLE CHOICE

An Arizona mortgage broker license applicant must generally satisfy certain baseline requirements before licensure. Which of the following are typically required? (Choose two.)

- **A Be at least 18 years of age**
- B Hold a Series 7 securities license
- **C Pass a written mortgage broker examination or otherwise meet competency requirements**
- D Submit at least ten completed loan files as proof of experience

ANSWER **A · C**

WHY Arizona mortgage broker licensure requires the applicant to be of legal age (18+) and to meet the competency/examination requirements established by DIFI. A Series 7 license is a securities credential and is unrelated to mortgage broker licensure, and there is no statutory requirement to submit ten closed loan files as a baseline qualification.

QUESTION 7 SINGLE CHOICE

Under federal law, a mortgage broker is generally required to act in what capacity when dealing with borrowers?

A Trustee of the borrower's investment portfolio

B A fiduciary with duties of loyalty and care

C An undisclosed principal in the loan transaction

D A general partner of the borrower's business

ANSWER **B**

WHY Federal standards and Arizona mortgage broker rules impose fiduciary-like duties on mortgage brokers, including duties of loyalty, care, and good faith, with full and fair disclosure required when dealing with consumers. The other options mischaracterize the broker's role.

QUESTION 8 SINGLE CHOICE

The SAFE Act requires individual mortgage loan originators to meet certain baseline requirements. Which of the following is required of individual loan originators under the SAFE Act?

A Mandatory membership in a self-regulatory organization only

B Registration with the Nationwide Multistate Licensing System (NMLS) and a background check

C A federal charter issued by the OCC

D Approval by the Federal Reserve Board

ANSWER **B**

WHY The Secure and Fair Enforcement for Mortgage Licensing Act (SAFE Act) requires individual mortgage loan originators to be licensed or registered through the Nationwide Multistate Licensing System (NMLS), which includes fingerprinting and a criminal background check. Federal chartering by the OCC or approval by the Federal Reserve is not required.

QUESTION 9 SINGLE CHOICE

Which document is primarily used to estimate the market value of a residential property during the mortgage origination process?

A Promissory note

B Deed of trust

C **Appraisal report**

D Closing disclosure

ANSWER **C**

WHY An appraisal report, performed by an independent licensed appraiser, provides an estimate of the property's market value and is central to underwriting decisions. The promissory note evidences the debt, the deed of trust secures the loan, and the Closing Disclosure itemizes final transaction costs.