QUALIFIED FINANCIAL ADVISER (QFA) LOANS EXAM 1 PRACTICE TEST (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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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.

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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!

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Questions

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1. Providing collateral security against a housing loan most likely involves which arrangement?

A. A legal mortgage over the freehold property

B. A third party guarantor

C. An assignment of a home contents insurance policy

D. A personal covenant to repay

2. Which of the following is NOT one of the non-judicial debt resolution processes under the Personal Insolvency Act, 2012?

A. Debt relief notice.

B. Debt write-down arrangement.

C. Personal insolvency arrangement.

D. Debt settlement arrangement.

3. What is Debt-to-Income (DTI) ratio and how do lenders use it?

A. Total debt payments divided by gross income; used to assess affordability and serviceability.

B. The ratio of monthly savings to annual income.

C. The ratio of property value to loan amount.

D. The ratio of interest rate to loan term.

4. The Irish Credit Bureau typically holds a borrower's payment history and profile going back over how many months?

A. A 6 Months

B. D 24 Months

C. B 12 Months

D. C 18 Months

5. Which of the following describes collateral security in a mortgage context?

A. The property being bought is the only security.

B. A guarantor's personal pledge forms part of the security.

C. The guarantor is the sole security.

D. Another asset provided as security in addition to the mortgage.

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6. During a hire purchase agreement, which statements are true?

A. (ii) only.

B. (iii) only.

C. (i) only.

D. (i) and (iii) only.

7. What is the intended benefit of choosing a fixed-rate mortgage for a first-time buyer?

A. Greater flexibility to redraw

B. Stable repayments during the fixed period

C. Lower initial payments

D. Access to mortgage protection tax relief

8. Reinstatement value: which statement describes it?

A. Replace the building on the same site

B. Pay off the mortgage

C. Rebuild the property from scratch

D. Sell the property at market value

9. Under CP Code, which scenario would trigger affordability stress testing?

A. Job loss

B. Lender takeover

C. Mortgage rate increase

D. All of the above

10. Who MUST be authorised as a mortgage intermediary?

A. Shell Insurance Services Ltd

B. Care Property Advisers Ltd

C. James

D. None of the Above

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Answers

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

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Explanations

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1. Providing collateral security against a housing loan most likely involves which arrangement?

A. A legal mortgage over the freehold property

B. A third party guarantor

C. An assignment of a home contents insurance policy

D. A personal covenant to repay

Collateral security for a housing loan is typically provided by a third party who agrees to cover repayments if the borrower cannot. A guarantor does just that: they commit to paying back the loan if the borrower falls behind, giving the lender a reliable source of repayment beyond the borrower's own income and assets. This arrangement is especially helpful when the borrower's own security (like equity in the home) isn't strong enough or when the lender wants extra assurance for the loan. While a mortgage over the property is also a common form of security, the guarantor adds an additional layer of protection by enabling a claim on the guarantor's resources if needed. The other options don't provide this kind of recourse: an assignment of a home contents policy isn't a practical debt-recovery asset, and a personal covenant to repay is only a promise without a formal claim on someone else's assets.

2. Which of the following is NOT one of the non-judicial debt resolution processes under the Personal Insolvency Act, 2012?

A. Debt relief notice.

B. Debt write-down arrangement.

C. Personal insolvency arrangement.

D. Debt settlement arrangement.

Non-judicial debt resolution options under the Personal Insolvency Act, 2012 include three distinct processes: a Debt Relief Notice, which provides temporary protection from creditor actions for those who meet specific income, asset, and debt thresholds; a Debt Settlement Arrangement, a five-year plan negotiated with creditors to repay all or part of the debts; and a Personal Insolvency Arrangement, a more formal plan overseen by a Personal Insolvency Practitioner that can involve restructuring and potential write-downs of certain debts. A Debt write-down arrangement, however, is not a named separate process in the Act. While a Personal Insolvency Arrangement can involve reducing some debts, there isn't a distinct mechanism called a "debt write-down arrangement" as its own non-judicial option. Therefore, the option described as debt write-down arrangement is not one of the formal non-judicial processes.

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3. What is Debt-to-Income (DTI) ratio and how do lenders use it?

A. Total debt payments divided by gross income; used to assess affordability and serviceability.

B. The ratio of monthly savings to annual income.

C. The ratio of property value to loan amount.

D. The ratio of interest rate to loan term.

DTI measures how much of your income is already spoken for by debt obligations. It's calculated by dividing your total monthly debt payments by your gross monthly income, usually shown as a percentage. Lenders use this as a practical gauge of affordability and serviceability: if a large share of your income is already earmarked for debts, there's less capacity to absorb a new loan payment without risking missed or late payments. In practice, this means including recurring monthly obligations like mortgage or rent, car loans, student loans, and credit card minimums when computing the ratio. The lower the DTI, the more room you've got to borrow and the more favorable your terms may be; higher DTIs signal greater risk and can limit loan size or require compensating factors. Thresholds vary by lender and product, but the concept remains central: it's a clear measure of whether the borrower can realistically service new debt.

4. The Irish Credit Bureau typically holds a borrower's payment history and profile going back over how many months?

A. A 6 Months

B. D 24 Months

C. B 12 Months

D. C 18 Months

Credit history length is important because lenders base risk on how a borrower has managed payments over time. The Irish Credit Bureau typically keeps a borrower's payment history and profile for about 24 months. This two-year window provides enough recent data to see patterns—consistent on-time payments or recurring delinquencies—while still reflecting current credit behavior. Shorter windows (like 6, 12, or 18 months) would give less information about longer-term trends, making 24 months the best balance for assessing risk.

5. Which of the following describes collateral security in a mortgage context?

A. The property being bought is the only security.

B. A guarantor's personal pledge forms part of the security.

C. The guarantor is the sole security.

D. Another asset provided as security in addition to the mortgage.

Collateral security means pledging an extra asset to back the loan, in addition to the primary security of the mortgaged property. The home provides the main protection for the lender, but collateral security adds another layer of protection by giving recourse to other assets if the borrower defaults. This can include cash, shares, another property, or other valuable assets. The other descriptions don't fit because they describe using only the property as security, or a personal guarantee, which is a different form of protection rather than an additional asset pledged as collateral.

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6. During a hire purchase agreement, which statements are true?

A. (ii) only.

B. (iii) only.

C. (i) only.

D. (i) and (iii) only.

In a hire purchase, you can use and enjoy the goods during the term, but you don't own them until you've completed all payments. The seller keeps legal title while you're paying, and at the end you typically gain ownership by exercising the purchase option or paying the final amount specified. This means statements that say ownership passes immediately, or that the hirer bears none of the risks or responsibilities until after ownership, aren't correct. The only true point is that the hirer has the right to use the goods during the agreement (possession and use), while ownership remains with the seller until final payment.

7. What is the intended benefit of choosing a fixed-rate mortgage for a first-time buyer?

A. Greater flexibility to redraw

B. Stable repayments during the fixed period

C. Lower initial payments

D. Access to mortgage protection tax relief

The main idea is that fixed-rate loans provide payment stability. Locking in the interest rate for a set period means your monthly repayments stay the same during that time, so a first-time buyer can budget reliably and avoid payment shocks if interest rates rise. After the fixed period ends, payments may change with the market, so you'll need to plan for that possibility or consider refinancing. The other options aren't the primary benefit of fixing the rate: redraw flexibility, lower initial payments, and mortgage protection tax relief aren't guaranteed or inherent advantages of a fixed-rate loan.

8. Reinstatement value: which statement describes it?

A. Replace the building on the same site

B. Pay off the mortgage

C. Rebuild the property from scratch

D. Sell the property at market value

Reinstatement value is the cost of reconstructing the building so it is as good as new after a loss, using current prices and standards, and typically on the original site to restore the property's physical structure. The option that best captures this is rebuilding the property from scratch, because it conveys rebuilding the structure from the ground up to its former condition. This is different from paying off the mortgage or selling the property at market value, which are about debt settlement or disposition, not restoring the building itself.

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9. Under CP Code, which scenario would trigger affordability stress testing?

A. Job loss

B. Lender takeover

C. Mortgage rate increase

D. All of the above

Affordability stress testing is about checking whether a borrower could still meet loan repayments if borrowing costs rise. The CP Code requires testing under adverse conditions, typically by applying a stressed rate that makes repayments higher. A mortgage rate increase directly raises the monthly payment, so it clearly tests the borrower's ability to cope with higher costs. Changes like job loss affect income availability, and a lender takeover is an operational change, not a direct change in the loan's payment obligation. Those aren't the scenarios the affordability stress test targets in the same way. So, the scenario that triggers affordability stress testing is a mortgage rate increase.

10. Who MUST be authorised as a mortgage intermediary?

A. Shell Insurance Services Ltd

B. Care Property Advisers Ltd

C. James

D. None of the Above

Authorisation applies only to those who actively carry out regulated mortgage activities—specifically advising on or arranging a mortgage for a client. Being a lender, insurer, or a property adviser by itself doesn't automatically require you to be authorised as a mortgage intermediary; authorisation depends on the actual activities you perform and any relevant exemptions. So, a company called Shell Insurance Services Ltd would only need mortgage intermediary authorisation if it actively arranges mortgages or provides regulated mortgage advice. The same logic applies to Care Property Advisers Ltd and to an individual named James. Without evidence that they are performing regulated mortgage mediation, none of them must be authorised purely by virtue of their name or role. That's why none of the above must be authorised in every case.

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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://qfaloans1.examzify.com

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

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