UTAH MORTGAGE PRINCIPAL LENDING MANAGER (PLM) PRACTICE EXAM (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. Which loan program typically requires MIP?

A. An FHA loan (correct)

B. A conventional loan

C. A VA loan

D. A USDA loan

2. Which statement best reflects licensing for staff under the PLM?

A. Licensing is optional for employees

B. Staff can work while licenses pending as long as someone else approves

C. Licenses are only required for executives

D. All licensed staff must have current, renewed licenses on time

3. What is the PLM's role in vendor management and third-party services?

A. Vet and supervise third-party service providers (appraisers, brokers, etc.) for compliance and quality.

B. Limit vendors to one per service.

C. Delegate vendor oversight to borrowers.

D. Avoid any vendor relationships.

4. When responding to a borrower data destruction incident, which sequence correctly includes all four key steps?

A. Contain the incident, notify affected parties, recover data, and review security controls.

B. Notify affected parties, recover data, and review security controls.

C. Contain the incident, recover data, notify affected parties, and review security controls.

D. Contain the incident and notify affected parties, then recover data.

5. Which statement correctly reflects Utah deception or defalcation statutes as they relate to PLMs?

A. They regulate only civil remedies for contract disputes.

B. They govern mortgage rate policies nationwide.

C. They address fraudulent acts and misappropriation; PLMs must prevent and report.

D. They apply only to advertising standards.

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6. What is the importance of customer consent in data sharing?

A. Ensures compliance with privacy laws and protects borrower confidentiality.

B. Only benefits marketing teams.

C. Removes the need for consent when data is anonymized.

D. Allows sharing with any third party without disclosure.

7. Which statement best identifies the Administrative Body for mortgage regulation within the DRE?

A. Residential Mortgage Regulatory Commission as an administrative body within the DRE

B. Federal Mortgage Oversight Agency

C. Private industry association

D. Real Estate Appraisers Board

8. What describes the PLM's role in ensuring accurate rate locks and rate quotes?

A. Routinely approve any quoted rate without verification.

B. Hide terms from borrowers to avoid confusion.

C. Offer rate locks only to top-tier borrowers.

D. Verify quotes, disclose terms, and ensure rate lock practices comply with laws.

9. Which role is primarily responsible for the disposal of personal information within a mortgage entity?

A. The compliance officer

B. The IT security team

C. The PLM

D. The legal department

10. The administrative body existing within the DRE to help regulate mortgage professionals is:

A. The Utah Real Estate Licensing Board

B. The Mortgage Advisory Council

C. The Division of Real Estate Mortgage Unit

D. The Residential Mortgage Regulatory Commission

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Answers

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

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Explanations

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1. Which loan program typically requires MIP?

A. An FHA loan (correct)

B. A conventional loan

C. A VA loan

D. A USDA loan

Mortgage Insurance Premium (MIP) is the insurance built into FHA loans to protect lenders against borrower default. It's typically required for FHA financing and appears both as an upfront premium paid at closing and as an annual premium that's collected monthly as part of the mortgage payment. Conventional loans may require PMI if the down payment is less than 20%, but that's private mortgage insurance, not MIP. VA loans don't use mortgage insurance; they have a funding fee instead. USDA loans rely on a guarantee fee rather than MIP, with an annual fee as part of the loan cost. Because MIP is the term used for FHA insurance, FHA loans are the typical program that requires MIP.

2. Which statement best reflects licensing for staff under the PLM?

A. Licensing is optional for employees

B. Staff can work while licenses pending as long as someone else approves

C. Licenses are only required for executives

D. All licensed staff must have current, renewed licenses on time

Licensing under a PLM is an ongoing requirement for anyone performing mortgage-related activities. Every staff member who engages in licensed duties must hold a valid license and renew it on or before its expiration. A license that isn't current means they aren't authorized to perform those duties, so they cannot legally work in licensable roles while it's expired or pending renewal. The PLM is responsible for ensuring all licensed staff stay compliant and for preventing any licensed work from being done without an active license. Licensing isn't optional, isn't limited to executives, and isn't allowed to be postponed because someone else approves. That's why the statement that all licensed staff must have current, renewed licenses on time is the correct one.

3. What is the PLM's role in vendor management and third-party services?

A. Vet and supervise third-party service providers (appraisers, brokers, etc.) for compliance and quality.

B. Limit vendors to one per service.

C. Delegate vendor oversight to borrowers.

D. Avoid any vendor relationships.

The main concept is that the PLM is responsible for overseeing all third-party providers used in the loan process to ensure compliance and quality. This means vetting vendors before they're engaged—checking licenses, qualifications, and track records—and then continuously supervising their work through performance metrics, audits, and contract adherence. By doing so, the PLM helps ensure appraisals are accurate and timely, brokers and other service partners act in compliance with laws (like consumer protection and RESPA requirements), and any conflicts of interest are managed. The goal is to protect borrowers, maintain lender standards, and minimize risk. Other approaches would weaken controls: limiting vendors to one provider reduces competition and coverage; delegating oversight to borrowers removes accountability and can create compliance gaps; and avoiding vendor relationships would make lending operations impractical.

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4. When responding to a borrower data destruction incident, which sequence correctly includes all four key steps?

A. Contain the incident, notify affected parties, recover data, and review security controls.

B. Notify affected parties, recover data, and review security controls.

C. Contain the incident, recover data, notify affected parties, and review security controls.

D. Contain the incident and notify affected parties, then recover data.

The sequence starts with containment to stop further damage and keep the incident from spreading. Once the situation is contained, the next focus is recovering data to restore operations and verify what can be recovered, which is essential before communicating status to affected parties. After you have a clear picture of the impact, you notify those who are affected in a timely and compliant manner. Finally, you review security controls to identify weaknesses and implement improvements to prevent a recurrence. Notifying before data recovery can lead to incomplete or inaccurate information and delays in restoration, while omitting containment or the post-incident review leaves ongoing risk or missed learning opportunities.

5. Which statement correctly reflects Utah deception or defalcation statutes as they relate to PLMs?

A. They regulate only civil remedies for contract disputes.

B. They govern mortgage rate policies nationwide.

C. They address fraudulent acts and misappropriation; PLMs must prevent and report.

D. They apply only to advertising standards.

Utah deception or defalcation statutes focus on integrity in mortgage lending by addressing fraudulent acts and misappropriation of funds. They set expectations that Principal Lending Managers must prevent such misconduct and report any suspected or actual defalcation. This means PLMs are responsible for implementing internal controls, supervising staff, and promptly notifying the proper authorities if a violation occurs. The idea is to safeguard client funds and ensure truthful operations, rather than covering civil contract remedies, nationwide mortgage rate policy, or advertising standards.

6. What is the importance of customer consent in data sharing?

A. Ensures compliance with privacy laws and protects borrower confidentiality.

B. Only benefits marketing teams.

C. Removes the need for consent when data is anonymized.

D. Allows sharing with any third party without disclosure.

Consent from customers is essential because it ties sharing of their personal financial information to legal requirements and protects their confidentiality. Lenders handle highly sensitive data, and privacy laws require informing borrowers about who will see their information and for what purposes, often giving them a choice to opt out of certain disclosures. This framework helps ensure that data is shared only for legitimate needs and with the borrower's awareness, reducing legal risk and protecting trust and reputation. While consent is especially about giving permissions, it also governs all third party access, not just marketing; even data that's anonymized is subject to privacy expectations and appropriate disclosure in many cases. Sharing with a third party without disclosure undermines borrower control and violates privacy obligations, which is why this is not permitted.

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7. Which statement best identifies the Administrative Body for mortgage regulation within the DRE?

A. Residential Mortgage Regulatory Commission as an administrative body within the DRE

B. Federal Mortgage Oversight Agency

C. Private industry association

D. Real Estate Appraisers Board

In Utah, the regulatory authority over residential mortgage activity within the Division of Real Estate is the Residential Mortgage Regulatory Commission. This administrative body licenses and oversees mortgage lenders, brokers, and loan originators, enforces state mortgage laws, and can take disciplinary action to ensure compliance. It embodies the state's regulatory role, not a federal agency, not a private trade group, and not the board that handles appraisers. The Real Estate Appraisers Board focuses on appraisers, while a private industry association has no government regulatory power.

8. What describes the PLM's role in ensuring accurate rate locks and rate quotes?

A. Routinely approve any quoted rate without verification.

B. Hide terms from borrowers to avoid confusion.

C. Offer rate locks only to top-tier borrowers.

D. Verify quotes, disclose terms, and ensure rate lock practices comply with laws.

Rate quote accuracy and lawful rate lock practices hinge on verification, disclosure, and regulatory compliance. The PLM's role is to verify the quoted rate, clearly disclose all terms to the borrower, and ensure that rate lock procedures meet applicable laws and lender policies. This approach protects borrowers from misrepresentation and keeps the lender's practices aligned with legal and policy requirements. Options that bypass verification, conceal terms, or restrict locks to only certain borrowers fail to protect the borrower or satisfy regulatory and ethical standards.

9. Which role is primarily responsible for the disposal of personal information within a mortgage entity?

A. The compliance officer

B. The IT security team

C. The PLM

D. The legal department

Disposal of personal information is a data lifecycle governance task in mortgage operations. The PLM is the role that owns lending processes and their data handling, including creating and enforcing retention and secure destruction policies. They ensure disposal procedures meet regulatory and contractual requirements and oversee training, audits, and coordination with IT to implement secure destruction. IT security handles the technical steps to destroy data, but the PLM provides the policy, accountability, and oversight across the organization. Compliance and legal support the framework, but the primary ownership for disposing personal information rests with the PLM.

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10. The administrative body existing within the DRE to help regulate mortgage professionals is:

A. The Utah Real Estate Licensing Board

B. The Mortgage Advisory Council

C. The Division of Real Estate Mortgage Unit

D. The Residential Mortgage Regulatory Commission

The key regulatory body for mortgage professionals within the Division of Real Estate is the Residential Mortgage Regulatory Commission. This commission sets licensing requirements, approves education and professional standards, and handles enforcement and disciplinary actions to protect consumers in residential mortgage activities. The Utah Real Estate Licensing Board focuses on real estate licensees like brokers and sales agents, not mortgage professionals; the Mortgage Advisory Council is an advisory body rather than the official regulator, and the Division's internal staff roles support administration rather than serve as the regulatory authority.

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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://utahmortgageplm.examzify.com

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

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