UTAH PERSONAL LENDING AND MORTGAGES (PLM) CERTIFICATION 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. **If a mortgage loan originator is unable to close a loan application and refers it to another mortgage company, what compensation is the first loan originator entitled to?**

   A. The first loan originator may be paid for services actually rendered, as long as the payment goes through the loan originator's PLM

   B. The first loan originator is not entitled to any compensation for referral

   C. The first loan originator can claim the full commission from the second mortgage company

   D. Payment can only be made if the loan initiates with the second company

2. **Under what condition can a mortgage loan originator prepare a real estate purchase contract?**

   A. When the transaction involves more than one property

   B. Only if specific provisions of the contract affect the loan transaction

   C. When the seller requests the originator's assistance

   D. If the contract is under a certain dollar amount

3. **When a loan application is completed on a loan originator's website, what must the loan originator obtain?**

   A. Proof of income

   B. A credit report

   C. Signatures from the borrower

   D. A processing fee

4. **What is the time frame in which a party must request a hearing after a cease and desist order is issued?**

   A. 7 days

   B. 10 days

   C. 14 days

   D. 30 days

5. **Will a no contest plea for a felony drug charge affect a person's ability to obtain a loan originator's license if it was entered 8 years prior?**

   A. Yes, it will prevent licensure

   B. No, it may not necessarily prevent licensure

   C. It depends on the circumstances surrounding the plea

   D. Yes, it will require additional documentation

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6. Which of the following best describes the function of earnest money in a real estate transaction?

A. Acts as a down payment for closing costs

B. Serves as liquidated damages

C. Can be used for appraisals

D. Applies to property inspections

7. What may an applicant's history of drug abuse be used as evidence of?

A. Financial irresponsibility

B. Community involvement

C. Competence

D. Professional reputation

8. What is true about signs for properties "for sale by owner" provided by mortgage loan originators?

A. They cannot promote the services of the originator

B. They must only reference the mortgage company

C. They are allowed if it's clear to contact the owner

D. They can only be placed with owner's direct supervision

9. If a seller defaults on a contract, what is the buyer's first option for remedy?

A. Seeking a new buyer

B. Accepting liquidated damages

C. Filing criminal charges

D. Reducing the sale price

10. In real estate transactions, what does the term “liquidated damages" refer to?

A. Calculated damages based on lost property value

B. Predefined compensation for breach of contract

C. Costs incurred during legal disputes

D. Penalty fees for late payments

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Answers

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

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Explanations

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1. If a mortgage loan originator is unable to close a loan application and refers it to another mortgage company, what compensation is the first loan originator entitled to?

A. The first loan originator may be paid for services actually rendered, as long as the payment goes through the loan originator's PLM

B. The first loan originator is not entitled to any compensation for referral

C. The first loan originator can claim the full commission from the second mortgage company

D. Payment can only be made if the loan initiates with the second company

The correct answer states that the first loan originator may be paid for services actually rendered, as long as the payment goes through the loan originator's PLM. This is because mortgage loan originators are typically entitled to receive compensation for the work they have performed, which may include tasks like processing, applying, or gathering information necessary for the loan application. In scenarios where the originator refers the loan to another company, they can still be compensated for their initial efforts providing they follow the regulatory protocols related to compensation. The payment must be made through the loan originator's PLM to adhere to compliance and regulatory requirements governing compensation practices in the mortgage industry. This ensures that the compensation structure remains transparent and lawful. Understanding this aspect of compensation is crucial in the lending environment, as it allows loan originators to receive recognition and potential payment for the work they have done prior to submitting a referral. This reflects fair practices within the lending industry and acknowledges the value of the services provided, even if the original loan does not close at their company.

2. Under what condition can a mortgage loan originator prepare a real estate purchase contract?

A. When the transaction involves more than one property

B. Only if specific provisions of the contract affect the loan transaction

C. When the seller requests the originator's assistance

D. If the contract is under a certain dollar amount

A mortgage loan originator can prepare a real estate purchase contract specifically when certain provisions of the contract impact the loan transaction. This means that if the terms of the purchase contract influence aspects such as the financing, terms of the loan, or contingencies related to the transaction, the originator is allowed to take an active role in preparing that contract. It's important to note that the legal and regulatory framework surrounding mortgage practices often restricts loan originators from engaging in activities that are traditionally reserved for licensed real estate professionals, except in circumstances where their involvement is directly linked to the financing aspect. Therefore, having a clear connection between the provisions of the contract and the loan transaction justifies the originator's role in preparing it. In scenarios where multiple properties are involved, a seller requests assistance, or contracts are under a specific dollar amount, these factors do not fundamentally affect the ability of a mortgage loan originator to prepare a contract. Instead, the focus remains on the implications of the contract for the financing process.

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3. When a loan application is completed on a loan originator's website, what must the loan originator obtain?

A. Proof of income

B. A credit report

C. Signatures from the borrower

D. A processing fee

When a loan application is completed on a loan originator's website, obtaining signatures from the borrower is essential for several reasons. Signatures are a crucial part of the lending process because they signify the borrower's consent and acknowledgment of the terms and conditions outlined in the loan application and any associated documents. This legal validation is necessary to ensure that the lender has the borrower's agreement to proceed with the loan process. Signatures also help protect both the lender and the borrower. They ensure that the borrower understands their obligations and that the lender has a compliant and enforceable agreement. In the digital age, electronic signatures have become widely accepted and can facilitate the process by allowing borrowers to sign documents remotely, streamlining the application process considerably. While items such as proof of income, a credit report, or a processing fee are typically important in the overall loan approval process, they do not hold the same weight in terms of consent and legal agreement as the signature does. Without proper signatures, the loan application lacks the necessary authority to move forward, making this requirement paramount.

4. What is the time frame in which a party must request a hearing after a cease and desist order is issued?

A. 7 days

B. 10 days

C. 14 days

D. 30 days

The time frame in which a party must request a hearing after a cease and desist order is issued is set at 10 days. This specific period is crucial as it ensures that individuals or entities affected by such an order have a defined window to respond and seek due process. In regulatory and legal contexts, timely responses are fundamental to maintaining fairness and the integrity of the legal process. Utilizing this 10-day period allows the party to prepare their case and present their arguments against the order in a structured setting, ensuring that their rights are protected. Understanding this timeframe is integral for anyone working in personal lending and mortgages, as it pertains to compliance and the rights of borrowers and lenders in Utah. This knowledge also aligns with established administrative procedures to ensure responsiveness within a reasonable timeframe.

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5. Will a no contest plea for a felony drug charge affect a person's ability to obtain a loan originator's license if it was entered 8 years prior?

A. Yes, it will prevent licensure

B. No, it may not necessarily prevent licensure

C. It depends on the circumstances surrounding the plea

D. Yes, it will require additional documentation

A no contest plea entered for a felony drug charge may not necessarily prevent a person from obtaining a loan originator's license, particularly if a significant amount of time, such as eight years, has passed since the plea. Licensing authorities often consider factors such as the nature of the offense, the time elapsed since the conviction, and any evidence of rehabilitation or changes in the individual's circumstances. Regulatory frameworks typically allow for the possibility of licensure even with a past conviction, especially if an applicant demonstrates that they have turned their life around and pose no risk to consumers. The emphasis is often on assessing current fitness for the role rather than solely on past mistakes. While some situations may require additional information or documentation to clarify the individual's circumstances, the passage of time can indicate a lower risk factor and potential for reform. Therefore, it is feasible for an individual with an older plea to still apply for a license and be considered for approval based on a comprehensive review of their current qualifications and character.

6. Which of the following best describes the function of earnest money in a real estate transaction?

A. Acts as a down payment for closing costs

B. Serves as liquidated damages

C. Can be used for appraisals

D. Applies to property inspections

The function of earnest money in a real estate transaction is to demonstrate the buyer's commitment to purchasing the property. When a buyer offers earnest money, they essentially provide a financial assurance that they are serious about the offer. If the buyer defaults or fails to carry through with the agreement without valid reason, the earnest money can be forfeited to the seller as liquidated damages. This acts as a form of compensation for the seller, who has taken the property off the market based on the buyer's offer. This role in the transaction helps protect the seller's interests and creates a sense of trust between both parties, as it indicates that the buyer is willing to put their financial stake at risk in order to proceed with the purchase.

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7. What may an applicant's history of drug abuse be used as evidence of?

A. Financial irresponsibility

B. Community involvement

C. Competence

D. Professional reputation

The history of drug abuse can be seen as evidence of competence in the context of assessing an applicant's ability to manage their personal affairs, including financial responsibilities. When considering lending decisions or evaluating mortgage applications, lenders may want to understand an applicant's overall stability and reliability. Individuals with a documented history of drug abuse may have faced challenges that could affect their decision-making capabilities, consistency, and the ability to maintain a stable lifestyle. Lenders often evaluate whether potential borrowers can handle the financial responsibilities associated with loans, and evidence of past substance abuse might raise concerns regarding the applicant's competence in managing debt effectively or fulfilling the obligations of a mortgage. In this scenario, the other options do not align with how drug abuse history is typically interpreted in financial contexts. Financial irresponsibility might be a byproduct of drug abuse, but it is not the same as competence. Community involvement and professional reputation do not directly correlate with an individual's past drug habits when assessing their eligibility for loans or mortgages.

8. What is true about signs for properties "for sale by owner" provided by mortgage loan originators?

A. They cannot promote the services of the originator

B. They must only reference the mortgage company

C. They are allowed if it's clear to contact the owner

D. They can only be placed with owner's direct supervision

The statement that it is permissible for mortgage loan originators to place signs for properties "for sale by owner," as long as it is clear that potential buyers should contact the property owner, aligns with regulations governing advertising practices in real estate. This approach ensures that buyers understand who to reach out to regarding the property while allowing the originator to promote their services effectively. The primary emphasis is on clarity in communication. By clearly indicating that interested parties should contact the owner, the sign complies with necessary guidelines that safeguard consumer awareness, thereby maintaining transparency in the process. This method allows originators to engage in advertising while respecting the autonomy of the property owner and adhering to ethical advertising practices. The other options do not reflect all aspects of the regulatory framework regarding advertising by mortgage loan originators. One of them implies restrictions on promoting services, another limits discussions to just the mortgage company, and yet another suggests a level of oversight by the owner that isn't always required when it comes to advertising practices. Understanding the correct stance on this topic helps maintain adherence to good practices within the industry.

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9. If a seller defaults on a contract, what is the buyer's first option for remedy?

A. Seeking a new buyer

B. Accepting liquidated damages

C. Filing criminal charges

D. Reducing the sale price

In the context of real estate transactions, when a seller defaults on a contract, one of the most common remedies for the buyer is the option of accepting liquidated damages. Liquidated damages are specified amounts of money that are predetermined as compensation for a breach of contract. This provides a clear financial recourse for the buyer without needing to pursue lengthy legal actions. Accepting liquidated damages is often beneficial because it allows the buyer to recover some of the losses incurred due to the seller's breach. This option generally avoids the complexities and uncertainties of proving actual damages in court. The damages must be reasonable and must represent a genuine attempt to pre-estimate the loss, not punitive in nature. This approach is more straightforward than seeking a new buyer, as starting over can be time-consuming and does not guarantee a better outcome. Filing criminal charges is typically not applicable in real estate contract defaults, as these are civil matters, not criminal. Reducing the sale price is unlikely to be a practical remedy since the buyer is dealing with a default situation rather than negotiating terms. Thus, accepting liquidated damages serves as a direct and effective response in dealing with a seller's default.

10. In real estate transactions, what does the term "liquidated damages" refer to?

A. Calculated damages based on lost property value

B. Predefined compensation for breach of contract

C. Costs incurred during legal disputes

D. Penalty fees for late payments

The term "liquidated damages" refers to a predetermined amount of compensation that is outlined in a contract, in the event of a breach of that contract. This concept is primarily used to provide clarity and certainty for all parties involved, as it sets the specific amount that one party will owe to the other in case a contractual obligation is not fulfilled. In real estate transactions, having liquidated damages specified in the contract helps to avoid lengthy legal disputes over how much compensation is owed after a breach occurs. Instead of having to prove actual damages, which can be time-consuming and complicated, the parties simply refer to the agreed-upon amount in the contract. This not only streamlines the enforcement of contract terms but also helps in managing expectations between buyers and sellers.

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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://utahplmcert.examzify.com

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

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