



20-Hour Mortgage Loan Originator SAFE Comprehensive Course Mortgage Loan Originator Pre-Licensing / National Topics

Course Provider

RDH Education Services

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NMLS Approved Course Provider - ID number #1400385

Course Purpose

This course satisfies the requirements set forth by the Secure and Fair Enforcement Mortgage Licensing Act for a comprehensive 20-hour Pre-Licensing course for mortgage loan originators.

Course Description

This course covers topics required by the SAFE Act: Federal lending legislation (3 hrs), ethics (3 hrs), and nontraditional mortgage products (2 hrs). Also included are 12 hours of elective topics to provide a broad understanding of key concepts: A primer on the **primary and secondary mortgage markets**, a **review of the economic, legal, and valuation aspects of the real estate market**, types of **loan products and finance instruments**, and the fundamentals of the residential **mortgage lending process**.

Course objectives

Upon completion of this course, students will be able to:

- Discuss disclosure provisions of federal laws related to mortgage lending.
- Identify procedures to protect the privacy of consumers as required by federal law.
- Identify protected classes and practices in relation to fair housing and lending.
- Define education requirements for mortgage lending professionals.
- Define ethics and discuss ethical considerations related to various scenarios.
- Recognize indicators of mortgage fraud.
- Identify predatory lending practices.
- Recognize characteristics of nontraditional mortgage products.
- Identify the elements that make up an adjustable rate mortgage.
- Identify characteristics of a reverse mortgage.
- Identify historical events affecting today's mortgage industry.
- Contrast the primary mortgage market and secondary mortgage market.
- Identify broad influences on the real estate market.
- Identify the role of mortgage professionals in the steps in the loan process.
- Discuss the information necessary to complete a standard loan application.
- Identify criteria for evaluating borrowers, including income ratios.
- Describe the closing process, including reconciliation.
- Define the purpose of different types of mortgages and mortgage clauses.
- Identify the characteristics of a conventional loan.



- Discuss the use of private mortgage insurance.
- Identify basic qualifying standards for FHA-insured loans.
- Identify basic qualifying standards for VA-guaranteed loans.
- Identify basic qualifying standards for USDA loans.
- Identify the essential elements of a valid contract.
- Identify the bundle of real property rights.
- Contrast freehold and leasehold estates.
- Distinguish among the different forms of deeds.
- Discuss the purpose of the public records system and the significance of a marketable title.
- Discuss various types of liens and easements and their impact on property.
- Identify broad factors and principles that impact the value of property.
- Identify methods for making land more valuable.
- Contrast the three appraisal approaches used to arrive at an opinion of value.
- Describe how adjustments are made to comparable properties.

Course Instructor

This is a live Instructor led course. Your RDH Education instructor is Randi DeHollander. Randi has many years experience teaching Mortgage and Real Estate professionals and has taught courses approved by the California Department of Real Estate and the National Association of REALTORS®. Contact RDH Education at randi@rdheducation.com or www.rdhecucation.com.

Required Course Materials

The core instructional text for this course:

Mortgage Lending Principles and Practices, 5th edition (Hondros Learning).

Each chapter includes key terms, a summary, and a quiz

Two 25-question comprehensive exams available

Expected Behavior/Classroom Policies

- Attendance is mandatory to receive course credit.
- Be on time to class
- Active participation is required in this course. Students are expected to be actively engaged with the material, listen to and follow the directions of the Instructor, participate in group discussions and activities, and complete all student workbook activities as assigned.
- Students are expected to be respectful when interacting with the instructor and other students in the classroom and refrain from inappropriate language or derogatory comments.
- Cell phones should be on mute or turned off.
- No computers, notebooks or pads turned on while class is in session.
- Cell phones, computers, notebooks or pads should be off of the desk top.
- Tape recorders are not permitted during class lecture sessions.
- If you leave the classroom while class is in session you must leave your attendance sheet with the proctor or instructor who will initial each time out and time in.
- Please turn in your final exam to the instructor for grading.
- Please turn in your attendance record at the end of class to receive your certificate of completion and your evaluation form.



Course Completion Requirements

You are expected to be present while the class is in session

You may not miss more than 15 minutes of class time for unscheduled breaks each day.

You must complete the final exam.

Please turn in your final exam to the instructor for grading.

Please turn in your evaluation sheet and attendance record at the end of class to receive your certificate of completion.

20-Hour Course Outline
MANDATORY CORE TOPICS

Federal Law

Chapter / Class Time	Topics
<p>Federal Lending Legislation (Chapter 4)</p> <p>4 hours</p>	<p>Dodd-Frank Wall Street Reform and Consumer Protection Act</p> <p>Truth in Lending Act (TILA)</p> <ul style="list-style-type: none"> Disclosures, 3/7/3 Rule Finance Charges and Annual Percentage Rate (APR) Truth in Lending Statement (TIL) APR Accuracy and Redisclosure Right of Rescission Advertising Disclosures Mortgage Disclosure Improvement Act Amendments <p>Real Estate Settlement Procedures Act (RESPA)</p> <ul style="list-style-type: none"> Settlement Services Covered Transactions RESPA Provisions (Kickbacks, Affiliated Business Arrangements) Required Disclosures Good Faith Estimate (GFE) Uniform Settlement Statement <p>Homeowners Protection Act (HPA)</p> <ul style="list-style-type: none"> Disclosure Provisions of the HPA High-Risk Loans <p>Equal Credit Opportunity Act (ECOA)</p> <ul style="list-style-type: none"> Required Disclosures Enforcement and Record Retention <p>Fair Credit Reporting Act (FCRA)</p> <ul style="list-style-type: none"> Consumer Rights Consumer Reporting Agency Obligations <p>Fair and Accurate Credit Transaction Act (FACT Act)</p> <ul style="list-style-type: none"> Provisions of the FACT Act Red Flags Rules <p>Gramm-Leach-Bliley Act (GLB Act)</p> <ul style="list-style-type: none"> Financial Privacy Rule Consumers or Customers Safeguards Rule <p>U.S. Patriot Act</p> <ul style="list-style-type: none"> CIP Minimum Data <p>The National Do Not Call Registry</p> <ul style="list-style-type: none"> Established Business Relationship <p>Home Ownership and Equity Protection Act (HOEPA)</p> <ul style="list-style-type: none"> High Cost Loan Triggers Prohibited Loan Terms Required Disclosures <p>Higher-Priced Loans</p> <ul style="list-style-type: none"> Definition and Provisions Restrictions

Chapter / Class Time	Topics
<p>Federal Lending Legislation (Chapter 4)</p> <p>4 hours</p>	<p>Federal Reserve Mortgage Loan Originator Compensation Rule Dual Compensation Steering Safe Harbor</p> <p>SAFE Mortgage Licensing Act Objectives of the SAFE Act</p> <p>The SAFE Mortgage Licensing Act Objectives and Definitions of the SAFE Act SAFE Act Licensing Requirements (including renewal)</p>
<p>Ethics in the Mortgage Lending Profession (Chapter 13)</p> <p>3 hours</p>	<p>Ethical and Legal Considerations National Association of Mortgage Professionals Code of Ethics</p> <p>Ethics in Advertising Misrepresentation and Material Facts Bait and Switch Unfair and Deceptive Advertising Internet</p> <p>Illegal Discrimination / Civil Rights Act of 1866 Protected Classes Enforcement</p> <p>Fair Housing Act Protected Classes and Exemptions Discrimination in Mortgage Lending Discriminatory Practices Advertising Provisions Enforcement</p> <p>Equal Credit Opportunity Act Basis for Illegal Discrimination ECOA Notice Marital Status Loan Application and Income Enforcement</p> <p>Community Reinvestment Act Purpose</p> <p>Home Mortgage Disclosure Act (HMDA) Covered Properties Data Reporting, Loan/Application Register</p> <p>Kickbacks and Referral Fees Allowable Fees Required Use Violations Case Study and Discussion</p> <p>Mortgage Fraud Fraud Participants Flipping Other Types of Mortgage Fraud Prohibited Appraisal Practices Red Flags of Mortgage Fraud Fraud Enforcement, FBI Suspicious Activity Reports Case Studies and Discussion</p> <p>Predatory Lending Excessive Fees Equity Skimming Foreclosure Rescue Schemes Indicators of Predatory Lending Mortgage Assistance Relief Services Rule Case Study and Discussion</p> <p>Ethics Case Study and Class Discussion</p>

Chapter / Class Time	Topics
<p>Nontraditional Mortgage Products (Chapter 8)</p> <p>2 hours</p>	<p>The Use of Nontraditional Mortgage Products Growth Equity Mortgage (GEM) Reduction Option Mortgage Shared Appreciation Mortgage (SAM)</p> <p>Buydown Plans Permanent Buydown Temporary Buydown Limits on Interested Party Contributions</p> <p>Adjustable Rate Mortgages (ARMs) How ARMs Work (index, margin, adjustments, caps) ARM Standardization ARM Disclosures ARM Programs</p> <p>Subprime Loans Assessing Risk</p> <p>Interagency Guidelines Guidance on Nontraditional Mortgage Product Risks Statement on Subprime Mortgage Lending</p> <p>Reverse Mortgages Eligibility Requirements Amount Available and Payment Options Repayment</p> <p>Seller Financing Purchase Money Mortgage Assumption Seller-Sponsored Wraparound Financing Land Contracts</p> <p>Other Forms of Creative Financing Lease/Options Lease/Purchases Equity Exchanges Participation Plans</p> <p>Homebuyer Assistance Programs Mortgage Exercises</p>

9 hours

Chapter / Class Time	Topics
<p>An Overview of Mortgage Lending (Chapter 1)</p> <p>.25 hours</p>	<p>A Brief History of Mortgage Lending</p> <p>Primary Mortgage Market Lenders</p> <ul style="list-style-type: none"> Commercial Banks Savings and Loan Associations Mortgage Companies, Bankers, and Brokers Other Primary Mortgage Market Lenders <p>Secondary Mortgage Markets</p> <ul style="list-style-type: none"> Function of Secondary Markets Mortgage-Backed Securities Secondary Market Participants Secondary Market Standards <p>Oversight of Financial Institutions</p> <ul style="list-style-type: none"> Federal Housing Finance Agency (FHFA) <p>Present Day Mortgage Lending</p> <ul style="list-style-type: none"> The Subprime Mortgage Crisis <p>Dodd-Frank Wall Street Reform and Consumer Protection Act</p> <ul style="list-style-type: none"> Consumer Financial Protection Bureau Qualified Mortgages
<p>The Business of Real Estate (Chapter 2)</p> <p>.25 hours</p>	<p>Factors Affecting Real Estate</p> <ul style="list-style-type: none"> Business Cycles Real Estate Cycles Broad Forces Influencing Real Estate Cycles <p>Government Influence on Real Estate and Mortgages</p> <ul style="list-style-type: none"> Fiscal Policy and the U S Treasury Department <p>Monetary Policy and the Federal Reserve</p> <ul style="list-style-type: none"> Federal Reserve System Monetary Policy Adjusting Interest Rates
<p>The Mortgage Lending Process (Chapter 3)</p> <p>3.25 hours</p>	<p>Role of the Mortgage Professional</p> <p>The Loan Process</p> <ul style="list-style-type: none"> Pre-Qualification / Pre-Approval Steps in the Loan Approval Process <p>Consulting with the Loan Originator</p> <ul style="list-style-type: none"> Interest Rates Common Fees Associated with Real Estate Loans <p>Qualifying Standards</p> <ul style="list-style-type: none"> Housing Expense Ratio Rates Total Debt-to-Income Ratio Determining Maximum Mortgage Payment <p>Completing the Loan Application</p> <ul style="list-style-type: none"> Definition of "Application" Sections of the Loan Application Processing the Loan Application <p>Income</p> <ul style="list-style-type: none"> Stable Monthly Income Secondary Sources of Income Evaluating and Computing Income Verifying Income <p>Credit History</p> <ul style="list-style-type: none"> Credit Scoring Explaining Derogatory Credit

Chapter / Class Time	Topics
<p>The Mortgage Lending Process (Chapter 3)</p> <p>3.5 hours</p>	<p>Assets</p> <ul style="list-style-type: none"> Liquid and Non-Liquidating Assets Evaluating Assets Verifying Deposits <p>Underwriting</p> <ul style="list-style-type: none"> Loan Files Automated Underwriting Systems Final Underwriting <p>Closing</p> <ul style="list-style-type: none"> Closing Procedures Settlement Statement Reconciliation Proration <p>Mortgage Exercises (throughout)</p>
<p>Real Estate Finance Instruments (Chapter 5)</p> <p>1 hour</p>	<p>Promissory Notes</p> <ul style="list-style-type: none"> Types of Notes <p>Security Instruments</p> <ul style="list-style-type: none"> Trust Deeds Mortgages Lien Theory and Title Theory Judicial Foreclosure Procedure Mortgage Lien Position <p>Typical Clauses in Finance Instruments</p> <ul style="list-style-type: none"> Acceleration Clause Alienation Clause Defeasance Clause Partial Release, Satisfaction, or Conveyance Clause Prepayment Clause Other Mortgage Clauses and Covenants <p>Types and Features of Mortgages</p> <ul style="list-style-type: none"> Purchase Money Mortgage Refinance Mortgage Home Equity Loan, Home Equity Line of Credit Blanket Mortgage Bridge Mortgage Open-End Mortgage Package Mortgage Reverse Mortgage Equity Participation Mortgage Wraparound Mortgage Construction Mortgage Graduated Payment Mortgage (GPM)
<p>Conventional Financing (Chapter 6)</p> <p>1.25 hours</p>	<p>Conventional Loans</p> <ul style="list-style-type: none"> Traditional Conventional Loans Amortization 15-Year Mortgage Loans Bi-Weekly Payment Plan Conforming versus Nonconforming Loans <p>Conventional Loan Programs</p> <ul style="list-style-type: none"> 80% LTV Conventional Loan Higher LTV Loans <p>Private Mortgage Insurance (PMI)</p> <ul style="list-style-type: none"> How Mortgage Insurance Works PMI Premiums PMI Cancellation

Chapter / Class Time	Topics
<p>Conventional Financing (Chapter 6)</p> <p>1.5 hours</p>	<p>Secondary Financing Combined Loan-to-Value (CLTV) Conditions Lender First and Lender Second Repayment Methods Assumption of Conventional Loans Mortgage Exercises (throughout)</p>
<p>Introduction to Government Agency Loan Programs (Chapter 7)</p> <p>1.25 hours</p>	<p>Federal Housing Administration (FHA) Insured Loans Approved Lenders CAIVRS FHA Underwriting Standards (TOTAL Scorecard) Underwriting Guidance and Mortgagee Letters Property Guidelines for FHA Loans FHA Loan Regulations (Mortgage Insurance Premium FHA Loan Programs VA-Guaranteed Loans Eligibility Maximum Loan Limit Borrower Qualifying Standards Property Guidelines for VA Loans VA Loan Regulations VA Loan Programs Comparison of FHA and VA Qualifying Standards USDA Rural Development Programs Section 502 Loans Mortgage Exercises (throughout)</p>
<p>Legal Concepts in Real Estate (Chapter 9)</p> <p>.75 hour</p>	<p>Basic Civil Law Concepts Contracts Torts Property Legal Concepts Affecting Property Value Real Property or Personal Property / Legal Considerations Real Property Rights Appurtenances Public and Private Restrictions Public Restrictions / Police Power Private Restrictions Interference with Property Rights</p>
<p>Interests in Real Property (Chapter 10)</p> <p>1 hour</p>	<p>Deeds Requirements of a Valid Deed Warranty Deeds Deeds without Warranties Evidence of Marketable Title Public Records Notice Abstract of Title Chain of Title Marketable Title Act Title Insurance Types of Title Insurance Policies American Land Title Association (ALTA)</p>

Chapter / Class Time	Topics
<p>Interests in Real Property (Chapter 10)</p> <p>1 hour</p>	<p>Forms of Ownership Ownership in Severalty Co-Ownership</p> <p>Possessory Interests in Property Freehold Estates Leasehold Estates</p> <p>Ownership by Organizations Sole Proprietorship Partnerships Corporations Condominiums, Cooperatives, PUDs, and Townhomes</p> <p>Non-Possessory Interests: Easements Types of Easements Creation of Easements Terminating Easements</p> <p>Financial Encumbrances: Liens Voluntary Liens: Mortgages Involuntary Liens Lien Priority</p>
<p>The Value of Real Estate (Chapter 11)</p> <p>.5 hours</p>	<p>Characteristics of Real Estate Value Characteristics Physical Characteristics Property-Specific Factors Affecting Real Estate Value Economic Factors Affecting Real Estate Value</p> <p>Defining Market Value Arm's Length Transaction</p> <p>Making Land More Valuable Assemblage and Plottage Value of Frontage</p>
<p>Understanding Appraisals (Chapter 12)</p> <p>1 hour</p>	<p>Real Estate Appraisal Appraisal Approaches Uniform Standards of Professional Appraisal Practice (USPAP) The Uniform Residential Appraisal Report (URAR)</p> <p>The Sales Comparison Approach Substitution and the Typical Buyer Adjusting Comparable Sales Limits on Adjustments Sequence of Adjustments</p> <p>Researching the Sale and Transfer of Properties Transfer History of the Subject Transfer History of the Comparables</p> <p>Reconciliation and Indicated Value Sales Comparison Opinion of Value Final Reconciliation on the URAR Form Market Value Indicated Value Range "As Is"</p> <p>Automated Valuation Models (AVM) Form 2075</p> <p>Rules on Valuation Independence Home Valuation Code of Conduct Dodd-Frank Wall Street Reform and Consumer Protection Act</p>

Chapter / Class Time	Topics
UST Content (Supplement) .5 hours	State Regulatory Authority The SAFE Act State Regulatory Authority Agencies State Law and Regulation Definitions State Model Definitions License Law and Regulation Persons Required to be Licensed Mortgage Loan Originator Exam License Application Process Compliance Prohibited Conduct and Practices Required Conduct Loan Processing/Underwriting Activities
Final Exam ?? minutes	Two final exams provided. Must pass with 75%. If student fails first exam, use exam 2 for retake.

11 hours (Total 20)