

## **Presented by RDH Education Services**

**RDH Education Services can be contacted at:**

4049 First St #234, Livermore, CA 94551

877-734-4347

[info@rdheducation.com](mailto:info@rdheducation.com)

[www.rdheducation.com](http://www.rdheducation.com)

NMLS Approved Course Provider - ID number #1400385

## **7-Hour SAFE Core**

Date of course content: 07/15/2019

Date of the course approval:

Attachments:

- 1) NMLS Rules of Conduct
- 2) Syllabus/ Outline/Timing



## **Rules of Conduct for NMLS Approved Pre-Licensure (PE) and Continuing Education (CE) Courses**

*The Secure and Fair Enforcement for Mortgage Licensing Act (SAFE Act), requires that state-licensed MLOs complete pre-licensing (PE) and continuing education (CE) courses as a condition to be licensed. The SAFE Act also requires that all education completed as a condition for state licensure be NMLS approved. Since 2009 NMLS has established course design, approval, and delivery standards which NMLS approved course providers are required to meet. To further ensure students meet the education requirements of the SAFE Act, NMLS has established a Rules of Conduct (ROC). The ROC, which have been approved by the NMLS Mortgage Testing & Education Board, and the NMLS Policy Committee, both of which are comprised of state regulators, are intended to stress that NMLS approved education be delivered and completed with integrity.*

### **Rules of Conduct**

As an individual completing either pre-licensure education (PE) or continuing education (CE), I agree to abide by the following rules of conduct:

1. I attest that I am the person who I say I am and that all my course registration information is accurate.
2. I acknowledge that I will be required to show a current government issued form of identification prior to, and during the course, and/or be required to answer questions that are intended to verify/validate my identity prior to, and during the course.
3. I understand that the SAFE Act and state laws require me to spend a specific amount of time in specific subject areas. Accordingly, I will not attempt to circumvent the requirements of any NMLS approved course.
4. I will not divulge my login ID or password or other login credential(s) to another individual for any online course.
5. I will not seek or attempt to seek outside assistance to complete the course.
6. I will not give or attempt to give assistance to any person who is registered to take an NMLS approved pre-licensure or continuing education course.
7. I will not engage in any conduct that creates a disturbance or interferes with the administration of the course or other students' learning.
8. I will not engage in any conduct that would be contrary to good character or reputation, or engage in any behavior that would cause the public to believe that I would not operate in the mortgage loan business lawfully, honestly or fairly.
9. I will not engage in any conduct that is dishonest, fraudulent, or would adversely impact the integrity of the course(s) I am completing and the conditions for which I am seeking licensure or renewal of licensure.



I understand that NMLS approved course providers are not authorized by NMLS to grant exceptions to these rules and that I alone am responsible for my conduct under these rules. I also understand that these rules are in addition to whatever applicable rules my course provider may have.

I understand that the course provider or others may report any alleged violations to NMLS and that NMLS may conduct an investigation into alleged violations and that it may report alleged violations to the state(s) in which I am seeking licensure or maintain licenses, or to other states.

I further understand that the results of any investigation into my alleged violation(s) may subject me to disciplinary actions by the state(s) or the State Regulatory Registry (SRR), including removal of any course from my NMLS record, and/or denial or revocation of my license(s).

\_\_\_\_\_  
Course Number(s)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date (mm/dd/yyyy)

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
NMLS ID (If Known)



## **Course Description and Purpose: Course ID 10866**

This course covers SAFE Continuing Education Requirements for the 7-Hour SAFE CORE topics. Specifically, this course includes the required 3 Hours on Federal Law and Regulations, 2 Hours on Ethics, 2 Hours on Nontraditional Mortgages.

The modules included are:

**Federal Law – 2019 Required Content including TILA, Advertising Regulation Z and Regulation N and ECOA application requirements.**

**Ethics Requirement - Ethics, Fair Lending and Fair Housing, Discrimination, Disparate Impact and Discriminatory Effects.**

**Nontraditional Mortgages – ARMs and IOs**

### **Presented by RDH Education Services**

This is a live instructor led course. Your RDH Education instructor \_\_\_\_\_ has many years of experience teaching Mortgage and Real Estate professionals.

**RDH Education Services can be contacted at:**

4049 First St #234, Livermore, CA 94551

877-734-4347

info@rdheducation.com

www.rdheducation.com

NMLS Approved Course Provider - ID number #1400385

### **Course Learning Objectives**

Upon completion of this course the student will:

- Understand the components of the APR
- Be able to identify what the finance charge items are and what the thresholds are for tolerance of the finance charges.
- Identify the tolerances for the LE and CD.

- Know what is a valid change of circumstance.
- Understand when a CD can be used to reset tolerances.
- Be able to write a compliant advertisement under both Regulation N and TILA advertising rules.
- Know how to take a loan application using correct language according to ECOA.
- Be able to identify the ECOA rules around requesting information and notifying the applicant.
- Be able to identify the protected classes under both Fair Housing and Fair lending laws.
- Understand the rules and required actions under Fair Housing.
- Be able to identify the similarities and differences between disparate impact and disparate treatment.
- Use the advertising knowledge from the federal law chapter to discuss violations in advertising that cause disparate impact.
- Have a good knowledge of the Ability to Repay Rule.
- Understand the pros and cons of an IO loan.
- Be able to identify the structure of an ARM loan and how to apply that knowledge to educate borrowers.
- Understand how option ARMS adjust and how payment shock might affect their borrower.

## Course Materials

The course materials consist of text and a slide presentation. Text is available online.

## Course Expectations

- 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 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 tablets turned on while class is in session.
- Cell phones, computers, notebooks or tablets 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 attendance record at the end of class to receive your certificate of completion and your evaluation form.



## **Course Completion**

Before your completion status can be transmitted to the Nationwide Mortgage Licensing System & Registry (NMLS), you are required to:

- Spend the minimum required amount of time in the course.
- Interact with the instructor, answer questions and participate in discussions.
- Complete all the required activities.
- You must participate in class discussions, role play and other activities in order to be counted as having completed the course
- Students are required to participate in the end of course assessment case study.

## **Course Evaluation**

At the conclusion of the course, you will be asked to complete a Course Evaluation.

**Thank you for letting us provide your SAFE continuing education.**

**RDH Education Services**

## ***Course Specifics***

<b>Logistics</b> <ul style="list-style-type: none"> <li>• Instructor</li> <li>• Location</li> <li>• Start Time</li> <li>• Instructor Email</li> </ul>	<ul style="list-style-type: none"> <li>○ [ _____ ]</li> <li>○ [ _____ ]</li> <li>○ [ _____ ]</li> <li>○ [ _____ ]</li> </ul>
<b>Total Time</b>	<ul style="list-style-type: none"> <li>○ This course is 7 credit hours</li> </ul>
<b>Section 1 - Federal Law</b>  <b>150</b>	<ul style="list-style-type: none"> <li>○ The course materials will take 3 hours to complete, divided into: <ul style="list-style-type: none"> <li>○ Truth In Lending Act - 10 minutes</li> <li>○ Disclosure Forms – 15 minutes</li> <li>○ Tolerance for the LE and the CD - 20 minutes</li> <li>○ TILA RESPA Integrated Disclosure Rules- 15 minutes</li> <li>○ The CFPB Regulation N- 15 minutes</li> <li>○ Prohibited Representations – 15 minutes</li> <li>○ Recordkeeping Requirements- 5 minutes</li> <li>○ Advertising Regulation – 10 minutes</li> <li>○ Equal Credit Opportunity Act / ECOA Part 1002 – 10 minutes</li> <li>○ Rules Concerning Requests for Information – 10 minutes</li> <li>○ Rules concerning extensions of credit – 10 minutes</li> <li>○ Summary- 5 minutes</li> <li>○ End of chapter case study – 10 minutes</li> </ul> </li> </ul>
<b>Section 2 - Ethics, Fair Lending, and Fraud</b>  <b>100</b>	<ul style="list-style-type: none"> <li>○ The course materials will take 2 hours to complete, divided into: <ul style="list-style-type: none"> <li>○ Introduction and Overview – 10 minutes <ul style="list-style-type: none"> <li>○ Fair Housing Act – 10 minutes</li> <li>○ What types of housing are covered? – 10 minutes</li> <li>○ What is prohibited – 5 minutes</li> <li>○ Harassment – 5 minutes</li> <li>○ Fair Lending – 15 minutes</li> <li>○ Lending Discrimination – 10 minutes</li> <li>○ Disparate Impact and Discriminatory Effects -10 minutes</li> <li>○ Disparate Treatment vs. Disparate Impact- 10 minutes</li> </ul> </li> </ul> </li> <li>○ End of chapter case study -15 minutes</li> </ul>

<b>Section 3 - Non-Traditional ARMS and Interest Only Mortgages</b>  <b>100</b>	<ul style="list-style-type: none"> <li>○ The course Materials will take 2 hours to complete, Divided into: <ul style="list-style-type: none"> <li>○ Introduction-10 minutes</li> <li>○ Ability to Repay -10 minutes</li> <li>○ Interest Only Mortgages - 15 minutes</li> <li>○ Negative Amortization Mortgages – 20 minutes</li> <li>○ Adjustable Rate Mortgages -20 minutes</li> <li>○ Option ARM Mortgage – 15 minutes</li> <li>End of chapter case study - 10 minutes</li> </ul> </li> </ul>
<b>Breaks</b>	<ul style="list-style-type: none"> <li>○ 70 minutes</li> </ul>
<b>End of course case study activity</b>	<ul style="list-style-type: none"> <li>○ 15 minutes</li> </ul>



## ***Outline***

---

### **I. Federal Law**

- A. Truth In Lending Act  
Truth In Lending Act Overview  
Summary of Purpose of TILA and Reg. Z
- B. Disclosure Forms: Finance Charge, APR, The Loan Estimate INITIAL EARLY Disclosure Requirements  
Annual Percentage Rate (APR) (Part 1026.14)
- C. Tolerance for the LE and the CD
- D. TILA RESPA Integrated Disclosure Rules:  
Changed circumstances  
Closing Disclosure  
Revisions to the Closing Disclosure and Timing  
2018 TILA-RESPA Rule and the Use of Closing Disclosures to Reset Tolerances
- E. The CFPB Regulation N: The Mortgage Acts and Practices Act Part 1014, and The TILA Advertising Regulation
- F. §1014.3 Prohibited Representations
- G. §1014.5 Recordkeeping Requirements
- H. Advertising Regulation  
TILA Full Disclosure of Mortgage Terms  
Other Advertising Rules  
Enforcement
- I. Equal Credit Opportunity Act / ECOA Part 1002
- J. Rules Concerning Requests for Information 1002.5
- K. Rules concerning extensions of credit § 1002.7 and Notifications § 1002.9
- L. Summary

### **II: Ethics**

- A. Introduction and Overview

- B. Fair Housing Act
- C. What Types of Housing Are Covered?
- D. What Is Prohibited?
- E. Harassment
- F. Fair Lending
- G. Lending Discrimination
- H. Disparate Impact and Discriminatory Effects

“Disparate Treatment” vs. “Disparate Impact

### **III. Non-Traditional Lending ARMS and Interest Only**

- A. Introduction
- B. Dodd Frank and “Ability to Repay
- C. IO Mortgage  
IO Mortgage Features  
IO Mortgage Pros and Cons
- D. Negative Amortization Mortgage  
Definitions  
Negative Amortization Mortgage Features  
NEGAM Mortgage Pros and Cons
- E. Adjustable Rate Mortgage (ARM)
- F. ARM Mortgage Features
- G. ARM Mortgage Refinance  
Borrower Consideration  
3 YEAR ARM
- H. Option Adjustable Rate Mortgage