

411 Mortgage Training

20-hour S.A.F.E. Comprehensive

Course Timeline:

| <u>Day</u> | <u>Length</u> | <u>Book Section</u> |
|------------|---------------|---------------------|
| Day One: | 4 Hours | Section One |
| Day Two: | 4 Hours | Section Two |
| Day Three | 4 Hours | Section Three |
| Day Four: | 4 Hours | Section Four |
| Day Five: | 4 Hours | Section Five |

Text Materials:

This is an eBook class. The text material for each session can be downloaded and printed in advance or prior to each session. Before entering the actual live webinar, you will be directed to the Staging Page, where the text for that session is available for download. All text is in PDF format and will require Adobe Acrobat Reader to view. Text material for each session will range in size from 30 pages to over 100 pages per section. You can decide how much of the text material you want to print based on your level of knowledge and need for the book. You can also purchase the full, spiral-bound, 250 page book at a discounted price of \$30.00, which includes shipping.

Course Objectives:

- Satisfy the required Federal education as established by the SAFE Act
- Improve the knowledge level of licensed mortgage loan originators
- Prepare for the federal pre-license exam

Day One:

Section One: Federal Laws and Regulations Regarding Mortgage Origination

Duration: 3.5 hours minimum

Federal Law Test

Learning Objectives:

- Understanding the federal laws that govern the mortgage industry
- Responsibilities and restrictions, placed on mortgage brokers, by each federal law
- Understanding the penalties involved with each law for non-compliance
- A working knowledge of forms associated with federal laws

Topics Covered Include:

Real Estate Settlement Procedures Act: In this section the parameters enacted by RESPA will be covered including: fees/compensation, required disclosures, violations, prohibited acts, as well as HUD violations.

Truth-in-Lending Compliance: The rights of recession, penalties and violations, section 226.32 of the Act – additional disclosures and an explanation of APR and Amount Financed will be explained.

Fair Lending Compliance: This topic will detail compliance with Fair Lending. Students will understand regulatory matters such as: discrimination, exclusions, enforcement, exemptions and penalties.

Additional Laws and Regulations: An overview of other laws and regulations originators must understand for proper compliance within the industry will be covered, such as: ECOA, SAFE Act, consumer protection, Fair Credit Reporting Act, Fair and Accurate Credit Transactions Act, Patriot Act and the Privacy Policy Notice.

Topic Mastery:

The loan originator will take from this section a practical understanding of the Federal laws and regulations that influence the loan origination, how these laws are implemented and the regulatory body that administers each. This will improve the mortgage loan originator's ability to better help the consumer with the complexities of a real estate mortgage.

Day Two:

Federal Regulations Test Review

Section Three: Ethics, Fraud and Consumer Protection

Duration: 3.5 hours minimum

Fraud and Ethics Test

Learning Objectives

- Understanding what mortgage fraud is and the participants that may play a role
- How any participant in the real estate transaction could play a role in committing fraud
- How to run your business using the proper professional practices

Topics Covered Include:

Mortgage Ethics: Covered will be ethical practices within the mortgage industry, including real –world scenarios. Such ethical considerations as: false advertising, bait and switch, referral fees, duplicate locking and churning will be covered.

Mortgage Fraud: Students will receive a definition of fraud, along with effective guidelines for the prevention of fraud. Included will be a discussion on how fraud affects one’s ethical behavior within the mortgage industry.

Consumer Protection: Students will receive a complete overview of predatory lending and recent updates to federal regulations. In addition, we will discuss the do’s and don’ts for students who have suspicions of fraud within their day-to-day mortgage business.

Topic Mastery:

After completion of this section, the loan originator will understand the ramifications associated with unethical practices; how various parties to a transaction can initiate fraud and how to identify potential problem areas. The loan originator will be prepared to guide each borrower through the mortgage lending process with little potential of a fraudulent transaction.

Day Three:

Ethics Test Review

Section Two:

Lending Standards and Loan Terms for Non-Traditional Mortgage Products

Section Four:

Mortgage Math & Support Documents

Duration: 3.5 hours minimum Products

Test and Review

Learning Objectives:

- Understanding of how different mortgage products will affect the borrower
- Obtain a detailed understanding of conventional, government, sub prime and portfolio loan programs
- Thorough understanding of FHA and VA loan programs and how each are used

Topics Covered Include:

Fannie Mae Loan Requirements: This section will cover the secondary market requirements for Fannie Mae; this includes eligibility requirements, buy downs, loan-to-value ratios, mortgage insurance, points and fees.

Freddie Mac Loan Requirements: This section covers the secondary market requirements for Freddie Mac; this includes calculation of ratios, underwriting recommendations, and regulatory agencies.

Non-Traditional Mortgage Products: This section will cover terminology of non-traditional mortgage products and the proper use of these programs. Included will be: adjustable rate mortgages, balloon mortgage, NIV programs and various sub prime loans.

FHA and VA Mortgage Products: Government loans are handled differently than conventional loans. This section will provide a thorough understanding for each program and its usage including formulas used and forms required.

Topic Mastery:

The mortgage loan originator will be equipped with a thorough knowledge of mortgage loan programs and their specific uses. The loan originator will be prepared to counsel the borrower on the benefits and limitations for each loan program and how they will affect the borrower.

Day Four and Five:

Section Four: Electives

Duration: 3.5 hours minimum each session

Products Test & Review
General Mortgage Knowledge Test & Review
Over all Class Review

Learning Objectives:

- Understand the new RESPA Rules and GFE/HUD-1 for 2010
- Acquire a working knowledge of the fundamental roles involved in the mortgage lending industry
- Understand the secondary market and wholesale marketing
- Understanding of all the parties involved in the origination, processing, underwriting, closing and funding of a typical mortgage loan
- Understanding the basic terminology associated with the mortgage industry
- Acquire a working knowledge of the Uniform Residential Loan Application, form 1003
- Understanding the required federal and state disclosures that accompany mortgage loan files
- Proper knowledge of support documents
- Acquire a working knowledge of general qualification for borrower income and debt
- Obtain a detailed understanding of credit scoring
- Complete understanding of the Good Faith Estimate and Truth-in-Lending forms and the calculation methods
- Understanding how the underwriting process works and the effects of underwriting recommendations
- Detailed understanding of the appraisal and how appraisal figures are achieved
- Acquire a basic working knowledge of title insurance and the types of title policies

Topics Covered Include:

New RESPA rules and GFE/HUD-1: Effective January 1, 2010 the mortgage industry will be required to use the newly designed Good Faith Estimate and new HUD-1 Settlement Closing Statement. These forms are major changes from the forms the industry has used for the past several decades. An understanding of this form is crucial to effective origination.

Loan Applicant Requirements and Origination Techniques: This section will cover the application package, income and employment, title and supporting documentation. An overview of submission, file stacking, prevention of fraud and ordering closing docs will be included.

Mortgage Loan Processing: Covered will be processing concepts and governing factors, the role of a processor, qualities of a successful processor, the cycle of mortgage money, appraisals and automated underwriting.

Mortgage Calculations: This section will cover debt-to-income calculations, self-employed and no income borrowers, qualifying borrowers, loan-to-value ratios, annual percentage rate, amount financed, and calculating payments and points.

Credit Scoring and Credit Report Integration: This section covers credit scoring, key points to a credit report, credit bureaus and reading a sample credit report. Students will receive a complete understanding of credit scoring, the effects of a credit score and how to manage credit scores.

The Loan Closing Process: This section will discuss issues that may arise after the closing of a loan file. Such issues as: quality control procedures (including the examination of the Quality Control Checklist), buy-backs, default and foreclosure. Compliance with Federal and State regulations will be stressed.

Topic Mastery:

From this section the mortgage loan originator will be skilled in the practical application of guidelines, forms and calculations associated with the mortgage application process. The loan originator will obtain the appropriate knowledge and skills necessary to provide the consumer with timely application and loan processing.

Additional After-Class Resources:

After completion of the class you will have access to multiple online, 100 question sample tests to help prepare you for the national exam. You will be able to take up to 10 additional tests online. Each test is unique, so you will experience many question combinations.