



Mortgage Loan Originator SAFE TN Comprehensive Course

Mortgage Loan Originator Prelicensing / National Topics

20-Hour Course Syllabus

Course Provider

School Name: Tennessee Association of Mortgage Professionals
Address: PO Box 111, Spring Hill, TN 37174
Phone: 615-302-0809
Other Contact Information: bshort@tnamp.com
Course Date/Times: Monthly in Nashville or Knoxville, TN

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 electives on key concepts, including financial disclosure, privacy protection, consumer I.D., and predatory lending protection laws; government loan programs; the SAFE Act; financial calculations; conventional loans and financing; loan processes, products, and finance instruments; and the Uniform State Test. Including the Required 2 hrs of Tennessee State Mortgage Laws.

Course Objectives

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

- Identify historical events affecting today's mortgage industry.
- Contrast the primary mortgage market and secondary mortgage market.
- Identify entities involved in the primary and secondary mortgage markets.
- Identify the regulatory agencies involved in mortgage lending.
- Discuss the seeds of the subprime mortgage crisis.
- Recognize a brief history of the Dodd-Frank Act and the mortgage market preceding its passage into legislation.
- Identify disclosure provisions of federal laws related to mortgage lending.
- Identify regulations to protect the privacy of consumers.
- Describe regulations put in place to address predatory lending.
- Define regulatory requirements for mortgage loan originators.
- Describe the information necessary to complete a standard loan application.
- Identify RESPA and the regulation on payment of kickbacks and unearned fees.
- Recognize the changes to Section 10 of RESPA regarding the responsibilities of mortgage loan servicers and the documentation they must provide.
- Describe disclosure provisions of federal laws related to mortgage lending.
- Describe the new disclosures implemented by Regulation Z: The Loan Estimate and the Closing Disclosure.
- Identify procedures to protect the privacy of consumers.
- Recognize limitations on lenders/MLOs use of consumer credit information.
- Describe control of credit reporting information.
- Describe requirements for recording consumer credit information.
- Describe regulations put in place to address predatory lending.

- Describe the rules for compensation for a MLO, a registered MLO, and the rules regarding seller financing of owner-occupied residences.
- Identify licensing requirements and procedures for mortgage loan professionals.
- Recognize education requirements for MLOs.
- Identify basic qualifying standards for FHA-insured loans.
- Define the use of upfront mortgage insurance premiums.
- Recognize different FHA loan programs.
- Identify basic qualifying standards for VA-guaranteed loans.
- Define eligibility and entitlement for veterans.
- Recognize different USDA loan programs.
- Describe other government agency loan options.
- Describe the advantages and disadvantages of buydown plans.
- Identify the elements that make up an adjustable rate mortgage.
- Describe the purpose of construction loans, including the three most common disbursement plans.
- Identify characteristics of a reverse mortgage.
- Identify factors that define a subprime loan.
- Describe agency guidelines on lending and subprime loans.
- Contrast various types of alternative financing.
- Identify different types of financial payments.
- Recognize mortgage loan-to-value conditions.
- Determine mortgage closing costs and prepaid items.
- Define ethics and discuss the purpose of codes of ethics.
- Recognize material facts in an advertisement.
- Define the bait and switch advertising strategy.
- List classes that are protected from illegal discrimination.
- Identify scenarios that violate RESPA's prohibition against kickbacks.
- Recognize indicators of mortgage fraud.
- Identify the participants and their roles in mortgage fraud schemes.
- Identify predatory lending practices.
- Identify regulations that prohibit illicit mortgage lending practices.
- Recognize federal requirements for anti-money laundering and recordkeeping by financial institutions.
- Recognize regulations that address mortgage assistance programs and financial records.
- Distinguish between pre-approval and pre-qualification.
- Identify the steps in the loan process.
- Describe the information necessary to complete a standard loan application.
- Examine the three approaches to appraisals.
- Explain the purpose of title and flood insurance.
- Identify criteria for evaluating borrowers.
- Contrast a financing instrument from a security instrument.
- Describe advantages and disadvantages of mortgages.
- Identify typical mortgage clauses.
- Identify the characteristics of a conventional loan.
- Define amortization.
- Identify different types of conventional loans.
- Recognize the use of private mortgage insurance.
- Contrast conforming and nonconforming loans.
- Describe methods of secondary financing.
- Identify the elements that affect the Uniform State Test of the NMLS.
- Recognize the regulatory authority of federal and state mortgage entities.
- Recognize the definitions of components and concepts in the mortgage industry.
- Identify licensing laws and requirements that regulate mortgage loan originators and other mortgage professionals.
- Describe compliance conditions and practices that apply to the mortgage industry.

Instructors Name: Brian Short, Jim Tew, Kim Miller and Mike Simmons.

Qualifications: State Licensed and Nationally Certified, over 20 years in the Mortgage Industry.

Required Course Materials

The core instructional text for this course: *Mortgage Lending Principles and Practices*, 7th Edition 2016 (Hondros Learning).

- Each chapter includes key terms, learning activities, a summary, and a quiz
- 50-question comprehensive exam

Expected Behavior/Classroom Policies

Attendance:

- Attendance is mandatory to receive course credit.

Participation:

- 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 facilitator (instructor), participate in group discussions and activities, and complete exercises as assigned. Internet references and resources are provided throughout the course, which offer opportunities for additional learning and information.

Behavior:

- 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.
- Students are expected to refrain from texting or other electronic communication during class.
- Cell phones should be on mute or turned off.

Course Completion Requirements

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

- Spend the minimum required amount of time in the course.
- Attend and participate in all course sessions.
- Complete all the required activities.
- Pass the final assessment with a score of at least **60%**.

Course Evaluation

At the conclusion of the course, students will be asked to complete a Course Evaluation. The feedback from this evaluation is reviewed and used to ensure our compliance with the course objectives as well as student satisfaction.



20-Hour Course Outline

Required Course Topics [Requirement: 8 Hours]

- **Federal Law** [3 Hours; Chapter 3]
- **Ethics** [3 Hours; Chapter 10]
- **Nontraditional** [2 Hours; Chapter 8]
- **TN Law** [2 Hours, TN Mortgage Laws Handout]

Elective Course Topics [Total Available: 12 Hours]

- Chapters 1, 2, 4, 5, 7, 9, 11, 12, 13

Chapter / Projected Course Time	Topics
<p>Mortgage Lending Overview (Chapter 1)</p> <p>35 minutes</p>	<p>Concepts of Mortgage Lending Importance of Understanding Mortgage Lending Concepts</p> <p>Mortgage Lending History Seeds of Today's Mortgage Industry Federal Home Loan Banks Federal Housing Administration</p> <p>Oversight of Financial Institutions Federal Deposit Insurance Corporation Office of Thrift Supervision Office of Comptroller of Currency National Credit Union Administration Federal Financial Institutions Examination Council Federal Housing Finance Agency</p> <p>Primary Mortgage Market Lenders Commercial Banks Savings and Loan Associations Mortgage Banking Companies Mortgage Broker/Banker Function Chart Other Primary Residential Mortgage lenders</p> <p>Secondary Mortgage Markets Mortgage Backed Securities Secondary Market Participants Secondary Market Standards</p>
<p>Federal Regulations & Practices (Chapter 2)</p> <p>30 minutes</p>	<p>Present Day Mortgage Lending</p> <p>Mortgage Loan Market History: The Last Decade</p> <p>Introduction to the Dodd-Frank Act</p> <p>Mortgage-Related Legislation under the Dodd-Frank Act Consumer Financial Protection Act – Title X Mortgage Reform and Anti-Predatory Lending Act – Title XIV</p> <p>Republished Regulations under CFPB</p> <p>Laws and Regulations under CFPB Laws Requiring Financial Disclosures Published Regulations under CFPB for Laws Requiring Financial Disclosures Laws Regarding Privacy Protection and Consumer Identification Published Regulations under CFPB for Laws Regarding Privacy Protection and Consumer Identification Laws Prohibiting Predatory Lending Published Regulations under CFPB for Laws Prohibiting Predatory Lending</p>

Chapter / Projected Course Time	Topics
<p>Federal Financial Disclosure Laws (Chapter 3)</p> <p>180 minutes</p>	<p>Real Estate Settlement Procedures Act (RESPA) – Regulation X</p> <ul style="list-style-type: none"> Settlement Services Covered Transactions RESPA (Regulation X) Mortgage Servicing Final Rules Required Disclosures The TILA-RESPA Integrated Disclosures <p>The Loan Estimate</p> <ul style="list-style-type: none"> Sample Loan Estimate Tolerance Guidelines for the Loan Estimate <p>The Closing Disclosure</p> <ul style="list-style-type: none"> The Closing Disclosure Form Sample Closing Disclosure Closing Disclosure Requirements <p>Disclosures that May Be Required at Loan Consummation</p> <ul style="list-style-type: none"> The Escrow Closing Notice Partial Payment Policy Disclosure Servicing Transfer Disclosure Statement <p>Applying the TILA Regulations to MLO Practices</p> <p>Truth in Lending Act (TILA) – Regulation Z</p> <ul style="list-style-type: none"> Overview of Truth in Lending Act (TILA) <p>Ability-to-Repay and Qualified Mortgage Rule Updates</p> <ul style="list-style-type: none"> Borrower Must Have Sufficient Assets or Income to Pay Back Loan Features of Qualified Mortgages (QM) Advertising Disclosures <p>Homeowners Protection Act (HPA)</p> <ul style="list-style-type: none"> Exclusions Disclosure Provisions of HPA High-Risk Loans
<p>Federal Privacy Protection and Consumer Identification Laws (Chapter 4)</p> <p>50 minutes</p>	<p>Fair Credit Reporting Act (FCRA) – Regulation V</p> <ul style="list-style-type: none"> Consumer Rights Consumer Reporting Agency Obligations <p>Fair and Accurate Credit Transactions Act (FACTA)</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 Safeguards Rule Pretexting Provisions <p>USA Patriot Act</p> <ul style="list-style-type: none"> Minimum Data Required <p>National Do Not Call Registry</p> <ul style="list-style-type: none"> Established Business Relationship

Chapter / Projected Course Time	Topics
<p>Federal Prohibition of Predatory Lending Laws (Chapter 5)</p> <p>55 minutes</p>	<p>Home Ownership and Equity Protection Act (HOEPA) HOEPA Overview Truth in Lending Required Disclosures – Regulation Z and HOEPA Regulations Balloon Payments, Late Fees, and Other Loan Terms</p> <p>Mortgage Loan Originator Compensation Rule Prohibition Against Dual Compensation</p> <p>Bonus Compensation and Non-Deferred Compensation Plans Tax-Advantaged Deferred Compensation Defined Contribution and Defined Benefit Plan Compensation Direct Payment Guidelines for Registered Loan Originators Mandatory Arbitration Financing of Credit Insurance Written Policies and Procedures</p>
<p>Conventional Loans/Financing (Chapter 13)</p> <p>50 minutes</p>	<p>Conventional Loans and Financing Conventional Loans Traditional Conventional Loans 15-Year Mortgage Loans Conforming versus Nonconforming Loans</p> <p>Conventional Loan Products</p> <p>Conventional Loan Programs 80% LTV Conventional Loan Higher LTV Loans</p> <p>Private Mortgage Insurance (PMI) How Private Mortgage Insurance Works PMI Premiums PMI Cancellation</p> <p>Secondary Financing Combined Loan-to-Value (CLTV)</p>
<p>Tennessee Residential Lending, Brokerage and Servicing Act (TN Mortgage Law - Chapter 13)</p> <p>90 minutes</p>	<p>Licensing Requirements for Mortgage Lenders, Mortgage Loan Brokers and Mortgage Loan Servicers Licensing Requirements for Mortgage Loan Originators Prohibitions and Enforcement of the Tennessee Mortgage Licensing Law Tennessee’s Participation in the Nationwide Mortgage Licensing System and Registry</p>

Chapter / Projected Course Time	Topics
<p>Tennessee Home Loan Protection Act (TN Mortgage Law - Chapter 20) and (Tennessee) Rules pertaining to mortgage lending, loan servicing and loan brokering</p> <p>15 minutes</p>	<p>Prohibited acts and practices related to the Tennessee Home Loan Protection Act</p> <p>Tennessee Laws related to Curing Default and Foreclosure, Granting Relief and Due Diligence</p> <p>Actions prohibited to avoid application or provisions of chapter and Open-end credit plan</p> <p>Penalties, Punitive damages, Remedies, Limitations, Frivolous or harassment actions, Notice of action related to the Tennessee Home Loan Protection Act</p> <ul style="list-style-type: none"> - Consequences of Compliance failure - The DFI Commissioner's powers, Rules and regulations, Examinations and investigations and Injunctions - Experience Required for a License - Accounting for Fees to Third Persons - Financial Statements - Notice of Mortgage Transfer - Nationwide Mortgage Licensing and Registry - Lock-In Agreement System Challenge Process - Refund of Lock-In Fee - Notification Requirements - Refund of Commitment Fee - Preservation of Records - Brokerage/Finder Fees - Annual Report
<p>TN Law Case Study</p> <p>15 minutes</p>	<p>Both case studies taken from Public Records of Enforcement Action taken by the TN Department of Financial Institutions:</p> <p>AM – License Denied outside of Tennessee</p> <p>MM – Financial Fitness and Responsibility</p>
<p>Government Loan Programs (Chapter 7)</p> <p>80 minutes</p>	<p>FHA-Insured Loans</p> <ul style="list-style-type: none"> Approved Lenders HUD Homeownership Centers Underwriting Standards for FHA Loans Property Guidelines for FHA Loans Loan Regulations Mortgage Insurance Premium <p>VA-Guaranteed Loans</p> <ul style="list-style-type: none"> Eligibility Maximum Loan Limit Borrower Qualifying Standards Property Guidelines for VA Loans VA Loan Regulations <p>USDA Rural Development Programs</p> <ul style="list-style-type: none"> Section 502 Loans

Chapter / Projected Course Time	Topics
<p>Nontraditional/Nonconforming Loans & Financing (Chapter 8)</p> <p>105 minutes</p>	<p>Mortgage Products</p> <p>Jumbo Loans</p> <p>Alt-A and A-minus Loans</p> <p>Buydown Plans</p> <ul style="list-style-type: none"> Permanent Buydown Temporary Buydown Limits on Interested Party Contributions and Other Considerations <p>Adjustable Rate Mortgages (ARMs)</p> <ul style="list-style-type: none"> Components of ARMs ARM Standardization ARM Disclosures ARM Disclosure Requirements for Interest Rate/Payment Changes <p>Construction Loans</p> <ul style="list-style-type: none"> Permanent Financing (Take Out Loan) <p>Subprime Loans</p> <p>The Characteristics of a Subprime Loan</p> <ul style="list-style-type: none"> Interest Rate Components <p>Balloon Mortgage Loans</p> <p>Reverse Mortgage</p> <ul style="list-style-type: none"> Eligibility Requirements HUD Guidelines for Initial Funds Disbursement to a Borrower Amount Available with a Reverse Mortgage Repayment <p>Seller Financing</p> <p>Seller Financing Rules</p> <ul style="list-style-type: none"> Guidelines for Three-or-Less Seller Financed Properties in Preceding Twelve (12) Months Seller Financing Overview Land Contracts Other Forms of Creative Financing Homebuyer Assistance Programs
<p>Financials & Calculations Review (Chapter 9)</p> <p>40 minutes</p>	<p>Periodic Interest</p> <p>Prepaid Expenses</p> <p>Payments</p> <p>Down Payment</p> <p>Loan-to-Value</p> <ul style="list-style-type: none"> Combined Loan-to-Value <p>Income Calculations</p> <ul style="list-style-type: none"> Hourly Wage Bi-weekly Salary Semimonthly Salary <p>Debt-to-Income Ratios</p> <p>Temporary and Fixed Interest Rate Buydown – Discount Points</p> <p>Acquisition Cost</p> <p>Closing Costs</p> <p>ARMs – Fully Indexed Rate</p>

Chapter / Projected Course Time	Topics
<p>Ethics in Mortgage Lending (Chapter 10)</p> <p>170 minutes</p>	<p>Ethical and Legal Considerations Penalties for Unethical Behavior</p> <p>Ethics in Advertising Regulation N: Prohibited Representations Mortgage Acts and Practices Misrepresentation and Material Facts Bait and Switch Unfair and Deceptive Practice Examining Advertisements Evaluating Buzzwords Internet Advertising BBB Advertising Guidance</p> <p>Civil Rights Act of 1866 Enforcement</p> <p>Fair Housing Act Fair Housing Act Exemptions Fair Housing Violations Discrimination in Mortgage Lending Discriminatory Practices Advertising Provisions Enforcement Discrimination and Same-Sex Marriage</p> <p>The Equal Credit Opportunity Act Considering Income Age of Applicant Citizen Status and ECOA Credit Decisions Loan Application: Home Mortgage Disclosure Act Reporting Requirement Other Types of Discrimination</p> <p>Kickbacks and Referral Fees Allowable Fees Required Use Violations</p> <p>Mortgage Fraud Fraud Participants Flipping Other Types of Mortgage Fraud Red Flags of Mortgage Fraud Elder Abuse Fraud Enforcement Penalties for Mortgage Fraud</p> <p>Predatory Lending Excessive Fees Equity Skimming Indicators of Predatory Lending</p>

Chapter / Projected Course Time	Topics
<p>Selected Consumer Protection Regulations (Chapter 11)</p> <p>50 minutes</p>	<p>RESPA</p> <ul style="list-style-type: none"> Mortgage Servicing Force-Placed Insurance Foreclosures/Modifications Kickbacks, Fee-Splitting, and Unearned Fees <p>Mortgage Assistance Relief Services (MARS)</p> <p>FTC Safeguards Rule</p> <ul style="list-style-type: none"> Provisions Definition of Consumer and Customer <p>Bank Secrecy Act (BSA)</p> <ul style="list-style-type: none"> Application to Banking/Mortgage Industry Requirements for Reporting <p>Anti-Money Laundering (AML)</p> <ul style="list-style-type: none"> AML Information
<p>Loan Process/Products and Finance Instruments (Chapter 12)</p> <p>50 minutes</p>	<p>Consult with a Mortgage Loan Originator</p> <p>Complete an Application – Uniform Residential Loan Application</p> <p>Process the Loan Application</p> <p>Analyze the Information in the Application – Underwriting</p> <ul style="list-style-type: none"> Putting Together a Loan File Evaluating a Loan File <p>Real Estate Appraisals</p> <ul style="list-style-type: none"> Appraisal Approaches Title Reports and Insurance Automated Underwriting Systems (AUS) <p>Mortgage Loan Closing</p> <ul style="list-style-type: none"> Closing Procedures Closing Disclosure Reconciliation <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 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 Reconveyance Clause Prepayment Clause Other Mortgage Covenants

Chapter / Projected Course Time	Topics
<p>Conventional Loans/Financing (Chapter 13)</p> <p>50 minutes</p>	<p>Conventional Loans and Financing</p> <ul style="list-style-type: none"> Conventional Loans Traditional Conventional Loans 15-Year Mortgage Loans Conforming versus Nonconforming Loans <p>Conventional Loan Products</p> <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 Private Mortgage Insurance Works PMI Premiums PMI Cancellation <p>Secondary Financing</p> <ul style="list-style-type: none"> Combined Loan-to-Value (CLTV)
<p>Final Exam</p> <p>20 minutes</p>	<p>50 question final exams provided. Pass with 60%.</p>

TOTAL TIME: 1085 minutes