

Notice of Mortgage Loan Originator Pre-Licensure and Continuing Education SAFE Act Approved Course Topic List

Purpose

The purpose of this notice is to assist NMLS approved course providers to understand which course topics NMLS considers to be acceptable for either pre-licensure or continuing education in accordance with the SAFE Act and which course topics it will not consider for approval.

Background and Reason for the Notice

The Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (SAFE Act) requires that state-licensed mortgage loan originators (MLOs) complete pre-licensure and annual continuing education. In order to meet pre-licensure continuing education requirements, state-licensed MLOs must complete 20 hours of NMLS-approved education that includes the following topics:

- a. 3 hours of Federal law and regulations;
- b. 3 hours of ethics, this shall include instruction on fraud, consumer protection, and fair lending issues;
- c. 2 hours of training related to lending standards for the nontraditional mortgage product marketplace; and
- d. 12 hours of undefined instruction on mortgage origination.

For annual continuing education, the SAFE Act requires state-licensed MLOs to complete 8 hours of NMLS-approved education that includes the following topics:

- a. 3 hours of Federal law and regulations;
- b. 2 hours of ethics that shall include instruction on fraud, consumer protection, and fair lending issues;
- c. 2 hours of training related to lending standards for the nontraditional mortgage product market; and
- d. 1 hour of undefined instruction on mortgage origination.

In response to several inquiries, NMLS has compiled a list of course topics it considers to be acceptable for either pre-licensure or continuing education. This list was compiled with the assistance of the Regulator Test and Education Committee comprised of state representatives from California, Florida, Louisiana, Maryland, Maine, Michigan, North Carolina, New Jersey, Oregon, Pennsylvania, South Carolina, Texas, Utah and Washington. Contributions to the list were also made by a Course Provider Working Group of 16 course providers representing the interests of both large and small providers across the country. The Course Provider Working Group met regularly between April and June 2009.

The intent of this list is to provide to the industry guidance regarding those course topics that NMLS, in consultation with the Regulator Test and Education Committee and the Course Provider Working Group, has determined to be appropriate and inappropriate with respect to

satisfying pre-licensure or annual continuing education as required by the SAFE Act. This list is not intended to be all exhaustive nor does NMLS envision this list to be static. Rather, this list will be updated as necessary to reflect ongoing changes within the mortgage industry and/or as the SAFE Act continues to be implemented by individual states.

List of Appropriate Course Topics

1. Course Topics Intended to Satisfy the Education Requirement for Federal Law and Regulations
 - a. Truth in Lending Act (TILA) and associated Sections
 - b. Equal Credit Opportunity Act (ECOA) (Reg. B)
 - c. Real Estate Settlement Procedures Act (RESPA) and associated Regulations
 - d. Home Ownership and Equity Protection Act (HOEPA)
 - e. Home Mortgage Disclosure Act (HMDA)
 - f. Depository Institutions Deregulation and Monetary Control Act (DIDMCA)
 - g. Alternative Mortgage Transaction Parity Act (AMPTA)
 - h. Fair Lending
 - i. SAFE Act
 - j. Fair Credit Reporting Act
 - k. Privacy Protection / Do Not Call
 - l. FTC Red Flag Rules / Fair and Accurate Credit Transaction Act of 2003
 - m. FHA Mortgage Lending and relevant programs
 - n. Appraisal Law
 - o. Underwriting
 - p. Annual Legal, Legislative, and Regulatory Review
 - q. Gramm-Leach-Bliley Act (GLB)
 - r. Consumer Credit Protection Act
 - s. Fair and Accurate Transaction Act (FACTA)
 - t. Federal Truth in Advertising
 - u. Fair Housing Patriot Act
 - v. Flood Disaster Protection Act

2. Course Topics Intended to Satisfy the Education Requirement for Ethics to Include Fraud, Consumer Protection, and Fair Lending Issues
 - a. Real Estate Settlement Procedures Act (RESPA) and appropriate regulations
 - b. Truth-in-Lending Act
 - c. Fair Credit Reporting Act
 - d. Appraisals
 - e. Fraud Detection, Reporting, and Prevention
 - f. Predatory Lending
 - g. Privacy and Security
 - h. Ethical Behavior as it relates to:
 - i. Consumers and Consumer Protection
 - ii. Appraisers

- iii. Underwriters
 - iv. Investors
 - v. Warehouse lenders
 - vi. Real estate licensees
 - vii. Closing agents
 - viii. Employers
3. Course Topics Intended to Satisfy the Education Requirements Related to Standards for Non-Traditional Mortgage Products
- a. FHA Programs
 - b. Mortgage Insurance Premium (MIP)
 - c. Alternative Financing
 - d. VA Programs
 - e. Understanding the Difference Between Traditional and Non-traditional Mortgage Products
 - f. Adjustable Rate Mortgages (ARM)
 - g. Reverse Mortgages
 - h. History of Non-Traditional Lending and Current Trends
 - i. Courses related to Rural and Farm Loans
4. Course Topics Intended to Satisfy the Undefined (Electives) Hours of Education Required
- a. Any course related to Mortgage Loan Originator Activities/Process
 - b. Courses related to Reading and Understanding Credit Reports/Scores and Tax Returns or Debt-to-Income Ratios
 - c. Private Mortgage Insurance
 - d. State and Local Mortgage Law
 - e. Understanding Sales Contracts
 - f. Title Insurance
 - g. Courses related to Loan Origination Documents
 - h. Courses designed to Assist Distressed/Delinquent Borrowers
 - i. Courses related to the Sub-Prime Market
 - j. Courses related to Fannie Mae and/or Freddie Mac
 - k. Courses related to Mortgage Math and Calculations

List of Inappropriate Course Topics

1. The following courses topics have been determined to not be in compliance with the SAFE Act:
 - a. General Self-Improvement Courses
 - b. Financial Planning Courses
 - c. Any courses related to Selling, Sales, Marketing, Lead-Generation, or Business Development

- d. Loan Product Training (loan sales), Product Marketing, or Advertising
- e. Any courses related to Consumer Data Mining, Market Segmentation, or Minority Marketing Practices.
- f. Any Information Technology-related course.
- g. Commercial Lending
- h. Courses on any Federal, State, or Local Law Not Related to Mortgage

Inquires or Appeals Regarding a Course Topics

Question regarding the appropriateness of a course topic or request for assistance to determine what category a course topic should fall under, should be submitted via e-mail to nmls.ed@stateregulatoryagency.org. Always be sure to include as much information as possible when making any sort of inquiry.

Appeals regarding any topic on the inappropriate course topic list should be sent to nmls.edu@stateregulatoryagency.org. Please be sure to state the reason for the appeal and provide a detailed justification to include an explanation for how the course topic will benefit the mortgage loan originator and how the course would satisfy the intended requirements of the SAFE Act. Appeals will be reviewed by the NMLS Education Governance Board. Any decision the Governance Board may make is deemed final.