

SAFE Mortgage Loan Originator Test -- National Component

Content Outline

(90 scored test questions; 10 unscored test questions)

I. Federal mortgage-related laws (35%)

- A. RESPA
- B. Equal Credit Opportunity Act (Reg. B)
- C. Truth-in-Lending Act (Reg. Z and HOEPA)
- D. SAFE Act
- E. Other Federal laws and guidelines
 - 1. Home Mortgage Disclosure Act (HMDA)
 - 2. Fair Credit Reporting Act
 - 3. Privacy protection / Do Not Call
 - 4. FTC Red Flag Rules (Fair and Accurate Credit Transactions Act of 2003)

II. General mortgage knowledge (25%)

- A. Mortgage programs
 - 1. Conventional/conforming
 - 2. Government (FHA, VA, USDA)
 - 3. Conventional/nonconforming (Jumbo, Alt-A, etc.)
 - a. Statement on Subprime Lending
 - b. Guidance on Nontraditional Mortgage Product Risk
- B. Mortgage loan products
 - 1. Fixed
 - 2. Adjustable
 - 3. Balloon
 - 4. Other (home equity [fixed and line of credit], construction, reverse mortgage, interest-only)
- C. Terms used in the operation of the mortgage market
 - 1. Loan terms
 - 2. Disclosure terms
 - 3. Financial terms
 - 4. General terms

III. Mortgage loan origination activities (25%)

- A. Application information and requirements
 - 1. Application accuracy (truthfulness) and required information (e.g., 1003)
 - a. Customer
 - b. Loan originator
 - c. Verification and documentation
 - 2. Suitability of products and programs
 - 3. Disclosures
 - a. Accuracy
 - b. Timing
- B. Qualification: processing and underwriting
 - 1. Borrower analysis
 - a. Assets
 - b. Liabilities
 - c. Income
 - d. Credit report
 - e. Qualifying ratios (e.g. housing, debt-to-income, loan-to-value)

2. Appraisals
3. Title report
4. Insurance: hazard, flood, and mortgage
- C. Specific program guidelines
 1. VA, FHA, USDA
 2. Fannie Mae, Freddie Mac
 3. Other (e.g., Mortgage insurance, HUD)
- D. Closing
 1. Title and title insurance
 2. Closing agent
 3. Explanation of Fees
 4. Explanation of Documents
 5. Funding
- E. Financial calculations used in mortgage lending
 1. Interest per diem
 2. Payments (principal, interest, taxes, and insurance; mortgage insurance, if applicable)
 3. Down payment
 4. Loan-to-value (loan-to-value, combined loan-to-value, total loan-to-value)
 5. Debt-to-income Ratios
 6. Temporary and Fixed interest rate buy-down (discount points)
 7. Closing costs and prepaid items
 8. ARMs (eg., fully indexed rate)

IV. Ethics (15%)

- A. RESPA
- B. Gramm-Leach-Bliley Act
- C. Truth-in-Lending Act
- D. Equal Credit Opportunity Act
- E. Appraisal
- F. Fraud detection, reporting, and prevention
- G. Ethical behavior
 1. Consumers
 2. Appraisers
 3. Underwriters
 4. Investors
 5. Warehouse lenders
 6. Real estate licensees
 7. Closing agents
 8. Employers

National Test Component Reference List

A number of references and resources are used to develop the National Component of the SAFE Mortgage Loan Originator Test. The following list is intended to be used as a guide to help candidates prepare for the test component; however, it is not intended to be an all-inclusive list.

- CSBS/AARMR
 - Guidance on Nontraditional Mortgage Product Risks
http://www.csbs.org/Content/NavigationMenu/RegulatoryAffairs/MortgagePolicy/NTMGuidance_HOME.htm
 - Guidance on Sub-prime Mortgage Products and Lending Practices
http://www.csbs.org/Content/NavigationMenu/RegulatoryAffairs/MortgagePolicy/Sub_prime_HOME.htm
- Fannie Mae Form 1003
<https://www.efanniemae.com/sf/formsdocs/forms/1003.jsp>
- Federal Housing Administration (FHA) 4155.1
<http://www.fhaoutreach.gov/FHAHandbook/prod/contents.asp?address=4155-1>
- Federal Reserve Board
 - Equal Credit Opportunity Act, Regulation B
<http://www.fdic.gov/regulations/laws/rules/6500-2900.html>
 - Truth in Lending, Regulation Z
<http://www.fdic.gov/regulations/laws/rules/6500-1400.html>
 - A Consumer's Guide to Mortgage Settlement Costs
<http://www.federalreserve.gov/pubs/settlement/default.htm>
- Federal Trade Commission (FTC)
 - Do Not Call Implementation Act
http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=108_cong_public_laws&docid=f:publ010.108.pdf
 - Do Not Call Improvement Act
<http://www.govtrack.us/congress/billtext.xpd?bill=h110-3541>
 - Fair and Accurate Credit Transactions Act
<http://www.ftc.gov/os/statutes/fcrajump.shtm>
 - Gramm-Leach-Bliley Act 15USC, Subchapter II, Sec. 6821-6827
<http://www.ftc.gov/privacy/glbact/glbsub2.htm>
 - Privacy Acts, Privacy of Consumer Financial Information: 16 CFR 313.9
<http://www.ftc.gov/os/2000/05/65fr33645.pdf>
 - Red Flag Rules
<http://www.ftc.gov/os/fedreg/2007/november/071109redflags.pdf>
- Home Mortgage Disclosure Act 12 CFR Part 27.4
<http://www.occ.treas.gov/fr/cfrparts/12cfr27.htm>
- Tax Information Authorization Form 8821
<http://www.forms.gov/bgfPortal/docDetails.do?sessionId=0FAC3D771ABAB36E98B3C13F88F59C03?dId=15642>
- U.S. Department of Housing and Urban Development (HUD)
 - Real Estate Settlement Procedures Act (RESPA)
http://www.hud.gov/offices/hsg/ramh/res/respa_hm.cfm
 - Glossary of Terms
<http://www.hud.gov/offices/hsg/sfh/buying/glossary.cfm>
 - Settlement Cost Booklet
<http://www.hud.gov/offices/hsg/ramh/res/settlement-cost-booklet01062010.cfm>
- VA Form 26-1880, Request for a certificate of eligibility for VA Home Loan Benefits
<http://www.homeloans.va.gov/elig1.htm>

