

Mortgage Loan Originator Prelicensing / National Topics 18-Hour and 2-hr Florida SAFE State Law Course Syllabus

Course Provider

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Course Purpose

This course satisfies the requirements set forth by the Secure and Fair Enforcement Mortgage Licensing Act for a comprehensive 18-hour prelicensing and the 2-hour Florida 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 10 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. Plus the required two (2) hours of mandatory Florida state specific pre-licensure education (PE) information, which will ensure that students acquire proficiency in areas of study related to state laws/regulations that mandate the licensing, registration, and business practices of Florida mortgage loan originators. This course covers key provisions set forth by Florida Statutes Chapter 494 – Loan Originators and Mortgage Brokers and Rule 69V-40, Florida Administrative Code – Mortgage Brokerage, including state licensing requirements, business requirements, prohibited activities, and potential disciplinary actions. In addition, time is spent on state specific laws related to homestead exemption, anti-coercion, and title/lien theory.

Course Objectives

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

- Identify historical events that shaped 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.
- Discuss the history of the Dodd-Frank Act and the state of 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 that address predatory lending.
- Define regulatory requirements for mortgage loan originators.
- Define the various roles mortgage professionals play.
- Distinguish between pre-approval and pre-qualification.
- Identify the steps in the loan process.
- Discuss the information necessary to complete a standard loan application.
- Identify criteria for evaluating borrowers.
- Calculate housing and debt-to-income ratios.
- Explain credit scoring.
- Contrast a financing instrument with a security instrument.
- Describe advantages and disadvantages of mortgages and trust deeds.
- Identify typical mortgage clauses.

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- 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 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 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 the characteristics of a reverse mortgage.
- Identify the factors that define a subprime loan.
- Describe the agency guidelines on lending and subprime loans.
- Contrast the various types of alternative financing.
- Identify RESPA and the regulation on payment of kickbacks and unearned fees.
- Recognize the responsibilities of mortgage loan servicers and the documentation they must provide according to Section 10 of RESPA.
- Describe disclosure provisions of federal laws related to mortgage lending.
- Describe the 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 designed to address predatory lending.
- Describe the rules for compensation for an MLO and a registered MLO.
- Discuss the rules regarding seller financing of owner-occupied residences.
- Identify licensing requirements and procedures for mortgage loan professionals.
- Recognize education requirements for MLOs.
- Define ethics and discuss the purpose of the 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.
- Identify different types of financial payments.
- Recognize mortgage loan-to-value conditions.
- Determine mortgage closing costs and prepaid items.
- Describe the purpose and authority of the Florida Office of Financial Regulation.
- Define key terms as set forth in Florida Statutes Chapter 494 – Loan Originators and Mortgage Brokers.
- Identify state requirements to obtain, maintain, and renew a loan originator license, a mortgage broker license, and a mortgage lender license.
- Recall key requirements for making mortgage loans, including loan modifications, lock-in agreements, and loan origination fees.
- Identify key provisions set forth by Florida Statutes related to homestead exemptions, anti-coercion, and title/lien theory.
- Identify licensee record keeping and reporting requirements.
- Describe prohibited conduct and the disciplinary process for noncompliance.

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Required Course Materials

The core instructional text for this course: *Mortgage Lending Principles and Practices*, 10th Edition 2020 and the 2 Hour Florida-Specific Supplement, 2nd edition (Hondros Learning).

- Each chapter includes key terms, learning activities, a summary, and a quiz
- Two 25-question comprehensive exams

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.

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 **70%**.

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 National Course Topics [Requirement: 8 Hours]

- **Federal Law** [3 Hours; Chapter 7]
- **Ethics** [3 Hours; Chapter 11]
- **Nontraditional** [2 Hours; Chapter 6]

Required Florida State Specific Course Topics [Requirement: 2 Hours]

- **Florida Law** [2 Hours; Florida-Specific Supplement]

Elective Course Topics [Total Available: 10 Hours]

- Chapters 1, 2, 3, 4, 5, 8, 9, 10, 13, 14

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Chapter / Projected Course Time	Topics
<p>Mortgage Lending Overview (Chapter 1)</p> <p>20 minutes</p>	<p>Concepts of Mortgage Lending Importance of Understanding Mortgage Lending Concepts 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 Other Primary Residential Mortgage Lenders</p> <p>Secondary Mortgage Markets Secondary Market Participants Secondary Market Standards</p> <p>Mortgage Loan Market History Introduction to the Dodd-Frank Act Mortgage-Related Legislation under the Dodd-Frank Act Consumer Financial Protection Act (Title X) Mortgage Reform and Anti-Predatory Lending Act (Title XIV) Laws and Regulations Under the CFPB</p>

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Chapter / Projected Course Time	Topics
<p>The Mortgage Lending Process (Chapter 2)</p> <p>70 minutes</p>	<p>Role of the Mortgage Professional Functions of Mortgage Professionals</p> <p>The Loan Process Loan Inquiry Pre-Qualification Pre-Approval Traditional Steps</p> <p>Consulting with the MLO Initial Discussions Interest Rates Common Fees Associated with Real Estate Loans</p> <p>Qualifying Standards Housing Expense Ratio Total Debt-to-Income Ratio Using Ratios to Determine Maximum Mortgage Payment</p> <p>Completing the Uniform Residential Loan Application (URLA) Redesigned URLA Which Redesigned URLA Forms to Use? Co-Borrowers Uniform Residential Loan Application (effective until 3/01/2021) Uniform Residential Loan Application (effective 3/01/2021) Processing the Loan Application</p> <p>Income Secondary Sources of Income Evaluating Income Verifying Standard Employment Income Computing Monthly Income</p> <p>Credit History Credit Scoring Credit Scoring Systems Explaining Derogatory Credit</p> <p>Assets Liquid versus Non-Liquid Assets Evaluating Assets Verifying Deposits for Down Payment/Reserves</p> <p>Insurance and Escrow Requirements</p> <p>Underwriting Putting Together a Loan File Automated Underwriting Systems</p>
<p>Finance Instruments (Chapter 3)</p> <p>20 minutes</p>	<p>Promissory Notes Types of Notes</p> <p>Security Instruments Trust Deeds Mortgages Judicial Foreclosure Procedure Mortgage Lien Position</p> <p>Typical Clauses in Finance Instruments Acceleration Clause Alienation Clause Defeasance Clause Partial Release, Satisfaction, or Reconveyance Clause Prepayment Clause Other Mortgage Covenants</p>

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Chapter / Projected Course Time	Topics
<p>Conventional Loans/Financing (Chapter 4)</p> <p>50 minutes</p>	<p>Conventional Loans and Financing Traditional Conventional Loans 15-Year Mortgage Loans Conforming versus Nonconforming Loans</p> <p>Conventional Loan Products 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>Government Loan Programs (Chapter 5)</p> <p>80 minutes</p>	<p>FHA Insured Loans Approved Lenders HUD Homeownership Centers Underwriting Standards for FHA Loans Property Guidelines for FHA Loans Loan Regulations Mortgage Insurance Premium</p> <p>VA-Guaranteed Loans Eligibility Maximum Loan Limit Borrower Qualifying Standards Property Guidelines for VA Loans VA Loan Regulations</p> <p>USDA Rural Development Programs Section 502 Loans</p>

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Chapter / Projected Course Time	Topics
<p>Nontraditional/Nonconforming Loans & Financing (Chapter 6)</p> <p>100 minutes</p>	<p>Mortgage Products</p> <p>Jumbo Loans and B and C Borrowers</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</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> <ul style="list-style-type: none"> The Characteristics of a Subprime Loan Interest Rate Components Underwriting Standards Today's Subprime Loans <p>Balloon Mortgage Loans</p> <p>Home Equity Loans</p> <p>Reverse Mortgages</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> <ul style="list-style-type: none"> Seller Financing Overview Seller Financing Rules Land Contracts Other Forms of Creative Financing <p>Homebuyer Assistance Programs</p>

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Chapter / Projected Course Time	Topics
<p>Federal Financial Disclosure Laws (Chapter 7)</p> <p>150 minutes</p>	<p>Real Estate Settlement Procedures Act (RESPA) – Regulation X Settlement Services Covered Transactions Required Disclosures The TILA-RESPA Integrated Disclosures</p> <p>The Loan Estimate Tolerance Guidelines for the Loan Estimate</p> <p>The Closing Disclosure The Closing Disclosure Form Closing Disclosure Requirements</p> <p>Disclosures that May Be Required at Loan Consummation The Escrow Closing Notice Partial Payment Policy Disclosure Servicing Transfer Disclosure Statement</p> <p>Applying TILA Regulations to MLO Practices</p> <p>Truth in Lending Act – Regulation Z Truth in Lending Act Provisions</p> <p>Ability-to-Repay and Qualified Mortgage Rule Borrower Must Have Sufficient Assets or Income to Pay Back Loan Features of Qualified Mortgages (QM) Advertising Disclosures</p> <p>Homeowners Protection Act Exclusions Disclosure Provisions of the HPA High-Risk Loans</p>
<p>Federal Privacy Protection and Consumer Identification Laws (Chapter 8)</p> <p>50 minutes</p>	<p>Fair Credit Reporting Act (FCRA) – Regulation V Consumer Rights Consumer Reporting Agency Obligations</p> <p>Fair and Accurate Credit Transactions Act (FACTA) Provisions of the FACT Act Red Flags Rules</p> <p>Gramm-Leach-Bliley Act (GLB Act) Financial Privacy Rule Safeguards Rule Pretexting Provisions</p> <p>U.S.A. PATRIOT Act Minimum Data Required</p> <p>National Do Not Call Registry Established Business Relationship (EBR)</p>
<p>Federal Prohibition of Predatory Lending (Chapter 9)</p> <p>55 minutes</p>	<p>Home Ownership and Equity Protection Act (HOEPA) High Cost Loans Higher-Priced Mortgage Loans Balloon Payments, Late Fees, and Other Loan Terms</p> <p>Loan Originator Compensation Rule Prohibition Against Dual Compensation Bonus Compensation and Non-Deferred Compensation Plans Compensation Direct Payment Steering and Safe Harbor Guidelines for Registered Loan Originators Written Policies and Procedures</p>

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Chapter / Projected Course Time	Topics
<p data-bbox="107 180 289 243">The SAFE Act (Chapter 10)</p> <p data-bbox="107 275 240 300">35 minutes</p>	<p data-bbox="607 212 971 237">The SAFE Act – Introduction</p> <ul data-bbox="646 241 1068 331" style="list-style-type: none">Objectives of the SAFE ActMortgage Loan Originator DefinitionOther Definitions <p data-bbox="607 336 1045 361">SAFE Act Licensing Requirements</p> <p data-bbox="607 365 1000 390">Mortgage Loan Originator Test</p> <ul data-bbox="646 394 1045 546" style="list-style-type: none">Minimum CompetenceResource AssistanceRetaking the ExamCharacter and FitnessProhibited Conduct and Practices <p data-bbox="607 550 1062 575">License Maintenance Requirements</p> <ul data-bbox="646 579 1263 882" style="list-style-type: none">Failure to Satisfy Minimum StandardsContinuing Education for Mortgage Loan OriginatorsApproved CoursesEmployer and Affiliate Educational CoursesEducational OfferingsContinuing Education CreditsReciprocity of EducationMLO Transitional AuthorityLapse in LicenseMake-Up of Continuing Education

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Chapter / Projected Course Time	Topics
<p>Ethics in Mortgage Lending (Chapter 11)</p> <p>150 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 Better Business Bureau 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 Citizenship 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 Predatory Lending Regulations Excessive Fees Equity Skimming Indicators of Predatory Lending</p>
<p>Skip chapter 12: Uniform State Test in the Principles & Practices Book. This chapter will be replaced by Florida Specific Materials</p>	

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Chapter / Projected Course Time	Topics
Selected Consumer Protection Regulations (Chapter 13) 50 minutes	RESPA Mortgage Servicing Mortgage Assistance Relief Services (MARS) FTC Safeguards Rule Provisions Definition of Consumer and Customer Bank Secrecy Act (BSA) Application to Banking/Mortgage Industry Requirements for Reporting Anti-Money Laundering (AML) AML Information
Financials and Calculations Review Chapter 14 50 minutes	Periodic Interest Prepaid Expenses Payments PITI Payments Down Payment Loan-to-Value Combined Loan-to-Value Income Calculations Hourly Wage Bi-Weekly Salary Semi-Monthly Salary PITI Payments Debt-to-Income Ratios Temporary and Fixed Interest Rate Buydown – Discount Points Acquisition Cost Closing Costs ARMs – Fully Indexed Rate
Skip chapter 15: The Successful Mortgage Loan Closing in the Principles & Practices Book This elective chapter will be replaced by Florida Specific Materials	

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Florida State Specific Chapters

Chapter 1: State Licensing Authority and Requirements

Estimated Time	50 minutes
Learning Objectives	<ul style="list-style-type: none"> ▪ Describe the purpose and authority of the Florida Office of Financial Regulation. ▪ Define key terms as set forth in Florida Statutes Chapter 494 – Loan Originators and Mortgage Brokers. ▪ Identify state requirements to obtain, maintain, and renew a loan originator license, a mortgage broker license, and a mortgage lender license.
TOPICS	<ul style="list-style-type: none"> ▪ The Florida Office of Financial Regulation <ul style="list-style-type: none"> ○ (FL-OFR) Organization ○ State Statutes and Rules ▪ State License Requirements <ul style="list-style-type: none"> ○ Persons Required to be Licensed ○ License Application Requirements ○ License Approval or Denial ○ License Renewal and Maintenance Requirements ○ Requirements of Licensees
ACTIVITIES	<ul style="list-style-type: none"> ▪ 1 Knowledge Check: Matching Terms and Definitions ▪ 3 Knowledge Checks: T/F and M/C Review Questions ▪ 1 Class Discussion – Case Study
Chapter Quiz	<ul style="list-style-type: none"> ▪ 9 M/C questions

Chapter 2: Licensee Compliance and the Disciplinary Process

Estimated Time	50 minutes
TOPICS	<ul style="list-style-type: none"> ▪ Requirements for Making a Loan <ul style="list-style-type: none"> ○ Loan Modification Requirements ○ Lock-In Agreement Requirements ○ Loan Origination Fee Requirements ○ Additional State Laws ▪ Record of Conveyance of Real Estate ▪ Record and Reporting Requirements <ul style="list-style-type: none"> ○ Record Requirements ○ Reports of Condition Requirement ▪ Prohibited Conduct Activities <ul style="list-style-type: none"> ○ Prohibited Conduct ○ Prohibited Activity-When Funds are not Available ○ Prohibited Advertising Activities ▪ Investigations and Disciplinary Actions <ul style="list-style-type: none"> ○ Investigations, Complaints, and Examinations ○ Grounds for Disciplinary Action ○ Penalties for Violations
ACTIVITIES	<ul style="list-style-type: none"> ▪ 3 Knowledge Checks: T/F and M/C Review Questions ▪ 1 Knowledge Check: Fill in the blanks ▪ 1 Class Discussion
Chapter Quiz	<ul style="list-style-type: none"> ▪ 7 M/C questions

Final Exam	Two 25 questions final exams provided. Must pass with 70%. If student fails first exam, use 2 nd exam for retake.
20 minutes	

TOTAL TIME: 1000 minutes