

SAFE Mortgage Loan Originator Test -- National Component Content Outline

(90 scored test questions; 10 unscored test questions)

****PLEASE READ CAREFULLY****

Legislative Updates

Federal and state legislative changes may occur throughout the test administration cycle. Candidates should answer test questions based on the statutes, regulations and rules in effect as of December 8, 2011.

Candidates are responsible for keeping abreast of changes made to the applicable federal and state statutes, regulations and rules regardless of whether they appear on this outline or the test.

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)
 - 5. Dodd-Frank

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, HECM
 2. Fannie Mae, Freddie Mac
 3. Other (e.g., Private mortgage insurance, flood)
- D. Closing
 1. Title and title insurance
 2. Settlement/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. Settlement/Closing agents
 - 8. Employers
 - 9. Mortgage loan originators

Last Updated: December 8, 2011

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/regulatory/policy/policy-guidelines/Pages/CSBSAARMRGuidanceonNontraditionalMortgageProductRisks.aspx>
 - Statement on Subprime Mortgage Lending
<http://admin.csbs.org/regulatory/policy/policy-guidelines/Pages/CSBSAARMRNACCAGuidanceonSub-primeMortgageProductsandLendingPractices.aspx>
- 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;jsessionid=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>