

PRE-LICENSURE EDUCATION (PE) TOPIC LIST

Effective May 1, 2017

Overview of Mortgage Lending –

- History of the mortgage industry
 - Start of the mortgage industry
 - Events which led to the implementation of the federal laws and need for consumer protection. Role of the Mortgage Loan Originator in consumer protection.
- The positions in the mortgage industry and their roles
 - Definition, job description, and roles of: Mortgage Loan Originator (MLO), Mortgage Broker, Mortgage Banker, Registered Mortgage Loan Originator (RMLO), mortgage lender/funder, mortgage investor, mortgage servicer, mortgage underwriter, mortgage examiner, mortgage regulator.

Regulatory Authority Who Oversee the Mortgage Industry -

- Consumer Financial Protection Bureau (CFPB)
 - Federal oversight of the CFPB
 - Functions performed by the CFPB
 - CFPB oversight authority
 - Filing complaints with CFPB
- Department of Housing and Urban Development (HUD)
 - Primary function of HUD
 - Programs offered by HUD
 - Number of housing agencies required to be listed on the housing counseling disclosure
 - Types of loans that trigger the requirement for a counseling agency to consult with a borrower
 - Entities that HUD oversees
 - Fair Housing Law Protections (e.g., health status, etc.)

Federal Mortgage-Related Laws – Topics intended to satisfy the 3 hours of Federal Law

- Real Estate Settlement Procedures Act (RESPA), 12 CFR Part 1024 (Regulation X)
 - RESPA origins and purpose
 - Knowledge of the prohibitions, limitations and exemptions set by RESPA
 - Types of loans to which RESPA is applicable
 - Settlement services
 - Required disclosures to the customer for an MLO who is also a broker
 - Bona fide discount points and application during a mortgage loan origination
 - Required information from a borrower that must be included on an application (Regulation X)
 - Knowledge of third party settlement service providers
 - Overview of the foreclosure process
 - Initial escrow statements

- Changes that can be made to the HUD-1/Good Faith Estimate
- Issuing a Good Faith Estimate when not all information has been provided
- Equal Credit Opportunity Act (ECOA), 12 CFR Part 1002 (Regulation B)
 - Factors that cannot be used to discriminate
 - Notifying borrower of action taken
 - General permissible acts under the Equal Credit Opportunity Act
 - Circumstances when it is acceptable to deny credit/loan
 - Components of a “notice of adverse action”
 - Definition of “adverse action”
 - General provisions of Regulation B
 - Exceptions to providing the appraisal report
 - “Prohibited Factors”
 - Required disclosures when an application is denied
 - Acceptable terms used to describe marital status
 - Adverse action notice, including when multiple applicants/guarantors are on the loan request
 - Definition of “elderly”
 - “Disparate treatment” scenarios
 - Record retention timelines
 - Requirement for a co-signer
 - Factors considered when determining creditworthiness
 - Types of acceptable income considered in a loan review
 - Requests for missing application information
 - Adverse action scenarios
 - Information required on a loan application
 - Adverse action characteristics
 - Timeframe for sending an adverse action to an applicant
 - Actions an MLO should take when a borrower refuses to provide ethnic, race or gender information
- Truth-in-Lending Act (TILA), 12 CFR Part 1026 (Regulation Z)
 - “Notice of right to rescind”
 - Permissible fees and finance charges
 - Advertisement requirements
 - Knowledge of the core concepts of the Truth-in-Lending Act
 - Total points and fee threshold
 - Definition of “finance charge”
 - Definition of “annual percentage rate”
 - Loans covered by the Truth-in-Lending Act
 - Definition of “business day”
 - Permissible annual percentage rate tolerances
 - Definition of “dwelling”
 - Definition of “residential mortgage loan”
 - Definition of “business day” in a mortgage rescission
 - Record retention timeframes
 - Classifying “seller contributions”
 - Refinancing scenarios with rights to rescind certain types of transactions

- Home Ownership and Equity Protection Act – High-Cost Mortgage, HOEPA Sections 32 and 12 CFR Part 1026
 - Minimum term for a balloon payment
 - Examples of “covered loans”
 - What is allowed under HOEPA
 - Limitations on broker fees
 - Entity that enforces HOEPA
 - Types of loans/lines of credit subject to HOEPA

- Higher Priced Mortgage Loans (12 CFR 1026.35)
 - Definition of “high priced/cost mortgage”
 - Prohibitions within “high priced” mortgages
 - Refinance mortgage loans

- Loan Originator Compensation (12 CFR 1026.36(d))
 - MLO compensation basis
 - The rules for who may compensate an MLO

- TILA-RESPA Integrated Disclosure Rule (TRID) (a.k.a “Know Before You Owe”)
 - Prohibitions on discrimination
 - Disclosure timeframes
 - Section on disclosure where origination charges are reflected
 - Affiliated Business Disclosure Special Information Booklet
 - Borrower information included on Regulation Z
 - Record retention
 - Required disclosures
 - Timing of disclosures provided to an applicant
 - Types of permissible fees and finance charges
 - Circumstances under which a Loan Estimate may be amended
 - General information about the TILA-RESPA Disclosure Rule
 - Examples of “change of circumstance”
 - Borrower information that is included on an application
 - Information that must be disclosed to consumers upon request
 - Explanation of an annual percentage rate
 - Party required to provide the Loan Estimate
 - Types of loans covered under TILA
 - Actions an MLO must take when there is incomplete information on a TRID disclosure
 - Scenario violations of TRID
 - A borrower’s right to rescission
 - Definition of loan consummation
 - Information that must be disclosed on a Loan Estimate
 - Facts about Loan Estimate
 - Informing a borrower of other loan considerations
 - Charges/fees disclosed
 - Information included on a Closing Disclosure
 - Information that must be disclosed in an annual escrow statement

- Acceleration definition
- The right to receive an appraisal report
- Home Mortgage Disclosure Act (HMDA), 12 CFR Part 1003 (Regulation C)
 - Mortgages in reportable data
 - HMDA definition of “dwelling”
 - Information included in borrower data
 - Information that a borrower must include on an application
 - Information about which an MLO should not inquire
 - Information provided by the borrower regarding the right of refusal
- Fair Credit Reporting Act (FCRA)/Fair and Accurate Credit Transactions Act (FACTA) 15 USC § 1681 et seq.
 - Definition of a “fraud alert”
 - Information included in a “consumer report”
 - Permissible times when a credit report may be accessed
 - Requirement to develop policies and procedures regarding identity theft
 - Definition of “creditor”
 - Information included in a FACTA disclosure
 - Length of time a bankruptcy will show on a credit history
 - Credit score evaluation methods
- FTC Red Flag rules, 16 CFR Part 681
 - Parties subject to “red flag” rules
 - Enforcement authority for “red flag” rules
- Bank Secrecy Act/Anti-Money Laundering (BSA/AML)
 - Requirement that companies protect consumer information
 - Facts about Suspicious Activity Reports (SARs)
 - Circumstances that require filing a SAR
 - SAR privacy requirements
- Gramm-Leach-Bliley Act (GLB) – Privacy, FTC Safeguard Rules and Do Not Call
 - Non-public information regarding a customer.
 - Permissible use of non-public information regarding a customer
 - Purpose of Act
 - Requirement for written privacy policy disclosures
 - Acceptable delivery methods for a privacy notice
 - Permissible hours for telephone calls
 - Written policies for maintaining Do-Not-Call lists
 - Precautions to protect customer information
 - Purpose of the National Do-Not-Call Registry
 - Permissible solicitation scenarios
 - Do-Not-Call request
 - Retention of information after a solicitation
- Mortgage Acts and Practices – Advertising, 12 CFR Part 1014 (Regulation N)
 - Advertisements referring to specific credit terms
 - Length of time required to retain advertisements

- Information required to be included in an advertisement
- Triggering terms that require additional disclosure
- Violations of the Act
- Electronic Signature in Global and National Commerce Act (E-SIGN Act)
 - Required ESIGN disclosures
 - Borrower's consent regarding access to information in electronic format
 - Requirements for maintaining records in electronic format
 - Ways to verify a borrower's identity
- USA PATRIOT Act
 - Primary purpose of the Act
 - Major functions of the Act
 - Confidential nature of filing reports
 - Ways to verify a borrower's identity
 - Parties subject to the Act
 - Requirement to have a Customer Identification Program in place and verifying the identities of borrowers
- Homeowners' Protection Act (Private Mortgage Insurance (PMI) Cancellation Act)
 - Major functions of the Act
 - Documents that must be provided to a borrower at loan consummation
- Dodd-Frank Act
 - Re-financing situations
 - Law oversight over TRID
 - Independent appraisal requirements

Loan Origination Activities – Topics intended to satisfy the hours of education not specific by the SAFE Act.

Terms used in the mortgage industry

- Loan terms
 - Junior liens
 - Subordinate loans
 - Escrow accounts
 - High priced mortgages
 - Table funding
 - Rate lock agreement
 - Tolerances
 - Legal title granted via a mortgage
 - Types of mortgages a lender cannot be forced to repurchase
 - Facts on liens
 - Delinquent loan
 - High cost loans
 - Early payment default

- Disclosure terms
 - Yield spread premiums
 - High interest rates
 - Federal mortgage loans
 - Qualified mortgage
 - Servicing transfers
 - Lender credits

- Financial terms
 - Discount points
 - 2-1 Buy-down
 - Accrued interest
 - Loan-to-value ratio
 - Settlement
 - Finance charges
 - Loan discount point
 - Debt ratio
 - Daily simple interest
 - Premium pricing
 - Lender credit

- General terms
 - Subordination
 - Conveyance
 - Cash out refinance
 - Pre-pays
 - Underwriting
 - Secondary market
 - Third party providers
 - Primary mortgage market
 - Non-traditional mortgages
 - Consumer credit
 - Loan payment collection
 - Assumable loan
 - Examples of origination service
 - Assigned loan
 - Payment shock
 - Annual Percentage Rate (APR)
 - Average Prime Offer Rate (APOR)

Loan Inquiry and Application Process Requirements (1003)

- Loan Requirements
 - Information on Form 1003
 - Percentage of bank account assets attributable toward a loan application
 - Handling credit
 - Report discrepancies
 - Acceptable gift donors

- Information provided to a borrower in response to a loan inquiry
- Loan Inquiry Process
 - Required disclosures that must be provided to a borrower in response to a loan inquiry
 - Application accuracy and required information on an application (e.g., name, SSN, address of property to be financed, estimated property value, income, loan amount)
 - Permissible questions on an application
- Application Process
 - Questions on a Borrower Application
 - How MLOs accept loan applications
 - Offering and negotiating the terms of a loan
 - How MLOs manage information on an application
 - Service charges subject to 10% tolerance
- Verification and documentation
 - Forms used to authorize the release of information
 - Methods of verifying income and assets
 - Percentage of bank account assets attributable toward a loan application
 - Methods of verifying employment
- Suitability of products and programs
 - Reflecting the type of loan on a mortgage application
- Disclosures
 - Information included in the Truth-in-Lending disclosure
 - Disclosures on Loan Estimates
 - Adjustable-rate mortgage loan disclosures
 - Consumer Handbook on ARMs (Charm booklet)
 - Required disclosures
 - Reverse mortgages
- Accuracy (e.g., tolerances)
 - Scenarios and which allowable tolerance
 - Service charges subject to a 10% tolerance
- Timing
 - Timing of notification of action taken
 - Timing of early disclosures
- Loan Estimate
 - Timeline of when a Loan Estimate must be provided
 - Expiration of charges and terms in a Loan Estimate expire
 - Time from Loan Estimate to loan consummation

- Exceptions to providing the Loan Estimate
 - Reissuing a Loan Estimate
 - Time period for the delivery of the Affiliated Business Disclosure
 - Time period for the delivery of the Special Information Booklet (Know Before You Owe)
 - Timeframe for the consideration for settlement charge before the expiration
 - Timing of the reissuing Loan Estimates
 - Timeline of the initial Loan Estimate disclosure
 - Timing of providing the appraisal report
 - Timing of tolerance corrections
- Sending a list of counseling services
 - Shopping
- Valid reasons for a Change in Circumstance
- Delivery Method
 - Electronic
 - Face-to-Face
 - Standard Mail
 - Overnight Delivery
- Closing Disclosure
 - When applicants entitled to advance inspection of a closing
 - Initial Closing Disclosure
 - Timing of Disclosures
 - Final Closing Disclosure
 - Timeframe of providing an updated closing disclosure
 - Definition of a business day for delivery purposes
- Homeownership Counseling Disclosure

Loan Qualification Requirements, Processing, and Underwriting

Borrower analysis

- Assets
 - Acceptable assets that may be used for a down payment
 - Types of asset classifications
 - Assets permissible to be used toward reserve funds
 - Actions not permitted with respect to Verification of Deposits
- Liabilities
 - Liabilities listed on a loan application
 - Types of liabilities

- Income
 - Documentation required for a self-employed applicant
 - Utilizing capital gains income on an application
 - Types of applicable incomes types for loan qualification
 - Social security and/or disability income that may be applied toward a loan analysis or as qualifying income
 - Documentation of work history and income when there has been an absence in employment over 3 years
 - Calculating monthly income

- Credit report
 - Information included on a credit report
 - Factors used in determining a credit score

- Qualifying ratios
 - Definition of “capacity”
 - Factors when calculating the expense-to-income ratio
 - Loan to value ratios
 - Calculating the debt-to-income ratio
 - Calculating the housing to income ratio
 - Calculating the total debt ratio

- Ability to Repay
 - Factors taken into consideration when reviewing an applicant’s ability to repay a loan
 - Methods of verifying income/assets
 - Determining a borrower’s ability to repay
 - Allowable debt to income ratio at loan consummation
 - Safe harbor provisions and scenarios
 - Ability to repay scenarios

- Tangible net benefit

- Occupancy types

- Verification of Deposit scenarios

- Appraisals
 - Purpose of appraisals
 - Market approach
 - Income approach
 - Cost approach
 - Market data approach
 - Using comparable information to establish values

- Requirement/timeline to inform applicant of the right to receive an appraisal
- Facts on appraisals
- Definition of “appraisal”
- Appraisal requirement with a high-risk mortgage
- Definition of “appraiser”
- Title report
 - Obtaining title reports
 - Timing of title reports and commitments
 - Preliminary Title Reports Cost approach
- Insurance
 - Flood Insurance
 - Designates zones for flood insurance
 - Limits of flood insurance
- Private Mortgage Insurance
 - Purpose of private mortgage insurance
 - Benefits of private mortgage insurance
 - Facts on private mortgage insurance and ratios
 - Requirement guidelines to ending private mortgage insurance
 - Loan to value ratio that triggers private mortgage insurance
- Hazard/Homeowner Insurance
 - Forced-placed insurance

Closing

- Title and title insurance
 - Title insurance coverage
 - Priority in multiple mortgage scenarios
 - Definition of “easement”
 - Encumbrances
 - Reconveyance
- Settlement/Closing agent
 - Borrower/Seller’s ability to review the HUD-1 Settlement Statement
 - Eligible signatures on the security instrument
 - Use of a Power of Attorney (POA)
- Explanation of fees
 - Fees/charges listed on HUD-1 Settlement Statement
 - Title insurance fees
 - Pre-paid fees
 - Types of escrow expenses

- Examples of Origination fees
- Loan origination fees
- Explanation of documents
 - Required documents at a closing
 - Required documents when using a property as collateral
 - Note disclosures on a loan
 - Assumption clauses
 - Providing the escrow analysis statement
- Funding
 - When does a rescission period end?
 - Funding regarding rescission periods

Financial Calculations/Mortgage Math/APR

- Periodic Interest
 - Interest rate calculation scenarios
 - General facts
 - Interests per diem facts
- Payments
 - Calculation scenarios for mortgage insurance
 - Calculation scenarios for interest rates
 - Calculation scenarios for monthly payments
 - Calculation scenarios for loan amounts
 - Effect of escrow on mortgage
 - Order of payments and importance of payments to the underwriting of loan
 - Closing Disclosure information
- Down Payments
 - Calculating down payment amounts/percentages
- Loan-to-value ratios
 - Loan-to-value ratio calculation scenarios
- Debt-to-income ratios
 - Debt ratio calculation scenarios
 - Factors in calculating debt ratios
- Discount Points: Fixed interest rate buy-downs
 - Permanent note
 - Definition of “discount point”
 - Discount point calculation scenarios
 - Purpose of discount points

- Closing costs and prepaid items
 - Closing costs/pre-paid items calculation scenarios
 - Hazard insurance collection
- ARMs (e.g., fully indexed rate)
 - Interest rate adjustment calculation scenarios
 - Payment adjustment calculation scenarios
- Qualified Mortgage monthly payment calculations
 - Calculating the debt to income ratio

Traditional and Non-Traditional Mortgage Products – Topics intended to satisfy the 2 hours of Non-Traditional Mortgage Lending

- Conventional/conforming (e.g., Fannie Mae, Freddie Mac)
 - Responsibilities of Fannie Mae
 - Limits on closing cost concessions
 - Fee charges on loans with certain risk characteristics
 - Fannie Mae/Freddie Mac’s automated underwriting systems
 - Requirements when purchasing a non-owner occupied rental property
 - Acceptable down payment amounts
 - Hazard insurance requirements
 - Pre-payment requirements
- Government (e.g., FHA, VA, USDA)
 - Definition of “FHA Mortgage”
 - Facts about FHA loans
 - Definition of “FHA”
 - Facts about VA loans
 - Prohibition on mortgage insurance
 - FHA interest rate calculation scenarios
 - Types of government guarantors
 - Definition of “entitlement”
 - Certificate eligibility requirement
 - Acceptable funds for a down payment/closing costs
 - Properties eligible for FHA purchase transactions
 - FHA loan limits
 - VA funding fees
 - Upfront mortgage insurance premiums
 - Residual income qualification test
 - Required documentation
 - Monthly mortgage insurance payment scenarios
 - Minimum down payment for an FHA loan
- Conventional/nonconforming (e.g., Jumbo, Alt-A)

- Facts on “jumbo loans”
- Definition of “non-conforming” loan
- Examples of “non-traditional loans”
- Requirements for an escrow account associated with a “high priced loan”
- Requirements for an escrow account associated with a “high cost loan”
- Statement on Subprime Lending
 - Definition of “payment shock”
 - Definition of “subprime”
 - Characteristics of ARM loans
 - Definition of a debt-to-income ratio assessment
 - Examples of credit risk characteristics
 - Scenarios to determine when a balloon loan may be appropriate for a borrower
 - Characteristics of subprime borrowers
 - Characteristics of a subprime mortgage
 - Stated income loans
 - Non-income verifying loans
- Guidance on Nontraditional Mortgage Product Risk
 - Characteristics of a non-traditional mortgage loan
 - Risks of non-traditional mortgage products
 - Re-payment capacity of a borrower
 - Identifying the right non-traditional mortgage product for borrowers
 - Communications with consumers regarding non-traditional mortgage products
- Qualified and Non-Qualified Mortgage Programs
 - Features of a “qualified mortgage”
 - Allowable points and fees for qualified mortgages
 - Information used to determine whether a loan is “qualified”
 - Annual percentage rates that make a mortgage “qualified”
 - Categories of qualified mortgages
- Non-qualified mortgage (Non-QM)
 - Features of a non-qualified mortgage
 - Types of non-qualified mortgages

Mortgage loan products

- Fixed
 - Characteristics of a fixed-rate mortgage
 - Comparisons of types of loans (scenarios)
 - Situations that affect a fixed rate mortgage payment
 - Percentage of pay down required to lessen monthly payments
 - Fixed-rate mortgage loan with escrow
- Adjustable
 - Payment options for an adjustable-rate mortgage
 - Facts on margin with respect to adjustable-rate mortgages
 - Facts on the index with respect to adjustable-rate mortgages
 - Definition of “fully indexed rate”

- Examples of adjustable-rate mortgages
- Scenarios resulting in a change in monthly payments
- Facts on ARM loans
- Fully indexed rate scenarios
- Scenarios reflecting payments increasing/decreasing on “change date”
- Timeline for notifying a customer of a rate change
- Factors when determining interest rates
- Calculating a borrower’s monthly payment

- Balloon mortgage loan products
 - Facts about balloon mortgages
 - Types of balloon mortgages
 - Lender requirements
 - Scenarios to determine when a balloon loan may be appropriate for a borrower

- Reverse mortgage
 - Facts on reverse mortgages
 - Timeline for calculating interest on home equity conversion mortgage loans
 - Payments required after closing on a conversion mortgage loan
 - Age requirements for conversion mortgages
 - Amount of title insurance
 - Facts on “construction-to-permanent” financing programs
 - Permissible percentage of total equity allowed for withdrawal
 - Scenarios that cause the full balance to become due
 - Requirements of reverse mortgage advertisements
 - Required disclosures

- Purchase Money Second Mortgages

- Home Equity Line of Credit (HELOC)
 - Examples of open-ended credit loans
 - Characteristics of a HELOC

- Fundamentals of Construction Mortgages
 - Definition of “construction loan”
 - Classifying the disclosure of financing by the same creditor when constructing a home
 - Required payments on a construction loan

- Interest-only Mortgages
 - Facts about interest only loans
 - Facts on interest only payments
 - Facts on interest only mortgages

- Other Mortgage Products

Ethics – Topics intended to satisfy the 3 hours of Ethics, Fraud, and Consumer Protection.

Ethical issues and behavior related to loan origination activities

- Violations of law
 - Violations of Graham-Leach Bliley Act
- Prohibited acts
 - Examples of “redlining”
 - Acceptable/non-acceptable practices under RESPA
 - Examples of prohibited acts
 - Requests for personal information
 - Examples of “kickbacks”
 - Duties a loan processor may/may not perform
- Predatory lending and steering
 - Definition of “steering”
 - Scenarios surrounding the proper designations of loans and property types
- Fairness Lending
 - Definition of a referral and the required associated disclosures, if necessary
 - Coercion scenarios
 - Scenarios where the appraiser has a conflict of interest
 - Discriminating against an applicant
 - Requirement to treat all applicants with the same level of fairness
- Truth in marketing and advertising
 - Scenarios where information is misleading within an advertisement
 - Bait and switch scenarios
 - Performing a due diligence review of advertisements prior to publication
 - Scenarios where “unfair, deceptive, or abusive acts” are undertaken
 - Examples of lawful advertising
 - Types of advertisements that are subject to federal regulations
 - Rules surrounding contact (e.g., “Established business relationship”)
 - Permissible statements/phrases within an advertisement
- Borrower education
- Fraud detection
 - Asset fraud
 - Red flags on a sales contract
 - Application red flags
 - Verifying loan application information

- Occupancy fraud
- Income fraud
- General red flags that could represent fraud
- Scenarios surrounding a consumer's bank activity
- Scenarios where information is not provided to a borrower
- Employment fraud
- Liability fraud
- Suspicious activity

- Financial responsibility
 - Permitted fees, payments, and compensation (e.g., Loan Estimate)
 - Fees that may not increase due to changed circumstances
 - How fees are handled based on the Loan Estimate
 - Closing cost scenarios
 - Settlement scenarios where monies are missing or misused
 - Scenarios surrounding referral fees
 - Splitting fees

- Handling consumer complaints

- Mortgage company compliance
 - Acceptable practices when acting on behalf of a lender
 - Acceptable practices regarding appraisals
 - Scenarios when an MLO discovers material information that should be conveyed to the lender
 - Scenarios surrounding the information supplied by employers
 - Requirements for MLOs

- Relationship with consumers
 - Ethical handling of a customer's personal information
 - Down payment scenarios
 - Interest rate adjustment scenarios
 - Power of Attorney (POA) scenarios
 - Permissible reasons for requesting a credit report
 - Scenarios of notifying the underwriter of a change in the borrower's application or status
 - Proper disclosures by MLO if there is a potential conflict of interest
 - Scenarios surrounding situations with borrower's and co-borrower's
 - Permissible acts regarding the appraisal of a client's property
 - Scenarios surrounding situations with borrower's undisclosed income
 - Permissible acts after discovering deposits inconsistent with borrower's income included on application
 - Scenarios involving a gift received by the borrower

- Scenarios of notifying a loan officer if a borrower has applied with other companies for additional mortgages
- Scenarios surrounding a borrower providing information on income
- Cybersecurity scenarios
- General business ethics
 - Scenarios where borrower has provided false information
 - Scenarios where borrower is seeking advice
 - Scenarios where the MLO is falsifying information on behalf of a borrower
 - Providing suitable unsolicited advice to a borrower
 - Scenarios where outside parties/individuals to the loan attempt to obtain information on a loan or about a borrower

Uniform State Content – Topics Intended to Satisfy the Requirements Associated with the Uniform State Test

SAFE Act and CSBS/ARRMR Model State Law

- State mortgage regulatory agencies
 - Regulatory authority
 - Regulatory power
 - Creation and purpose of the NMLS Registry
 - Frequency of investigations and exams
 - CFPB authority to conduct exams
 - Continuing education requirements
 - Unique identifiers for MLOs
 - CFPB penalty limits
 - CFPB Loan Originator Rule
 - Authority of state regulator (e.g., audit)
 - Responsibilities and limitations
- Definitions and Documents
 - NMLS
 - SAFE Act
 - Documents to be filed for public record
- License Law and Regulation
 - Minimum requirements for state licensing laws
 - Persons required to be licensed
 - Services conducted by MLOs and the requirement to be licensed
 - Entities required to use MLOs
 - Allowable acts by underwriters
 - Clerical/support duties
 - Loan processors

- Business that individuals may/may not conduct without being licensed as an MLO license
 - General business
 - Non-profit institutions
 - Business purpose loans (e.g., commercial, non-owner)
- Licensee qualifications and application process
 - Pre-licensing education requirements
 - Background checks
 - Requirements to becoming an MLO
 - Managing felony charges
 - Waiting period for test retakes
 - Sponsorship requirement
 - “MLO” and the requirement to be licensed with a state
- Grounds for denying a license
 - Reasons for denying an applicant
- License maintenance
 - Continuing education requirements
 - Renewal period
 - License renewal lengths and minimum standards
 - Continuing education courses approvals
 - Withholding a record
 - Requirements to re-take exam if individual has been absent from industry
 - Requirement to maintain an active license
 - Required continuing education hours completed to renew a license
- NMLS requirements
 - Change of employment and updating NMLS
 - Required submissions that applicants must make to the NMLS system
 - Required disclosures to NMLS
 - Requirement to publicly display an NMLS identifier
 - Requirement to include the NMLS identifier in certain situations
 - Licensed non-depository employees’ - vs registered depository employees’ in NMLS
- Compliance
 - Authority to examine licensee’s books and records
 - Prohibited conduct and practices
 - Prohibited acts
 - Requirement to obtain a unique identifier
 - Investigations by state agencies
 - Required conduct
 - Individual responsible for providing documents during a complaint investigation
 - Required information to be maintained in a loan file
 - Assumable mortgage loan products

- Penalties assessed for failure to conduct certain duties
- Permissible acts
- Timeline for submitting books and records to a state regulator
- General scenarios regarding mortgage loan origination
- Required information on loan documents
- Record retention requirements
- Advertising
 - Requirement to include NMLS unique ID in advertisements

CONTINUING EDUCATION (CE) APPROVED TOPIC LIST (for Annual CE Year 2018)

Federal Mortgage-Related Laws – Topics Intended to Satisfy the 3 Hours of Federal Law

- **Required:** Truth-in-Lending Act (TILA), 12 CFR Part 1026 (Regulation Z)
 - Comprehensive review of permissible fees and finance charges
 - Advertisement requirements.
 - Mortgage Loan Originator and Real Estate Agent
 - Mortgage Loan Originator and Title/Settlement Company
 - Mortgage Loan Originator to consumer
 - Loans covered by the Truth-in-Lending Act
 - Permissible annual percentage rate tolerances
 - Refinancing scenarios with rights to rescind certain types of transactions
 - Finance charge overstated on initial Truth in Lending Disclosure
 - Regulation Z, 12 C.F.R. §1026.4(b) and 12 C.F.R. §1026.4(c)
 - Regulation Z 12 C.F.R. §1026.4(e)(1)
 - Finance charge understated on initial Truth in Lending Disclosure
 - Regulation Z, 12 C.F.R. §1026.18(d)(1)

- **Required:** Real Estate Settlement Procedures Act (RESPA), 12 CFR Part 1024 (Regulation X)
 - Comprehensive knowledge of the prohibitions, limitations and exemptions set by RESPA
 - Types of loans to which RESPA is applicable
 - Settlement services
 - Bona fide discount points
 - Foreclosure process
 - Changes that can be made to the HUD-1/Good Faith Estimate
 - Federal Finding 7: Prohibited payments in connection with Marketing Service Agreements.
 - Section 8 of RESPA, 12 U.S.C. § 2607(a)
 - Regulation X, 12 C.F.R. § 1024.14(e)
 - 12 C.F.R. § 1024.14(g)(2)

- Higher Priced Mortgage Loans (12 CFR 1026.35)
 - Prohibitions within “high priced” mortgages
 - Refinance mortgage loans

- Equal Credit Opportunity Act (ECOA) 12 CFR 1002 (Regulation B)
 - Factors that cannot be used to discriminate
 - Notifying borrower of action taken
 - Permissible acts under the Equal Credit Opportunity Act
 - Circumstances when it is acceptable to deny credit/loan
 - Components of a “notice of adverse action”
 - “Disparate treatment” scenarios
 - Factors considered when determining creditworthiness

- Types of acceptable income considered in a loan review
- Adverse action scenarios
- Privacy of Consumer Financial Information 12 CFR 1016 (Regulation P) / 16 CFR 313
 - Conditions which a financial institution may or may not disclose nonpublic information
 - Defining when an individual is a consumer or a customer
 - Identifying the difference between customer relationships vs. consumer relationships
 - Privacy and “Opt out” notices for consumer or customer
- Other Federal laws pertaining to loan origination activities.

Ethics – Topics intended to Satisfy the 2 Hours of Ethics, Fraud, and Consumer Protection.

- Identity Theft Rules 16 CFR 681
 - Identity theft program
 - Elements of the program to detect and prevent identity theft
 - Detecting and identifying relevant Red Flags
 - Actions taken when identity theft occurs
 - Situations of identity theft detected
- Do Not Call – Telemarketing and Consumer Fraud and Abuse Prevention Act 15 USC 6101 et seq.
 - Defining and prohibiting deceptive telemarketing acts
 - Senior citizen and other consumer fraud
 - Scenarios of abusive consumer acts
- Mortgage Acts and Practices – Advertising (Regulation N) 12 CFR 1014
 - Detection of prohibited advertising
 - Other prohibited mortgage acts and practices
- *Required:* Failed to comply with Bank Secrecy Act/Anti-Money Laundering and Suspicious Activity Report filing requirements.
 - Title 31 C.F.R. § 1010 and 1029
- Other topics pertaining to ethics, fraud, and consumer protection.
 - Enforcement actions

Traditional and Non-Traditional Mortgage Products – Topics Intended to Satisfy the 2 hours of Non-Traditional Mortgage Lending

- FHA Mortgage Limits and Updates
- CSBS/AARMR Guidance on Nontraditional Mortgage Products Risks
- Other topics pertaining to Non-Traditional Mortgage Products
 - ARMS
 - Negative amortization loans

- Jumbo loans
- Reverse Mortgages

NON-APPROVED TOPIC LIST

The following course topics have been determined to not be not in compliance with the SAFE act:

- Any course not directly tied to the negotiating, taking, and processing of a residential loan application.
- General Self-Improvement Courses
- Financial Planning Courses
- Any course relating to selling, sales, marketing, lead-generation, or business development
- Loan product training (loan sales, product marketing, or advertising)
- Any course topics related to consumer data mining, market segmentation, or minority marketing practices
- Any information technology-related course
- Commercial lending
- Courses on any Federal or State law not directly tied to residential mortgage lending