

SAFE Mortgage Loan Originator Test -- National Component

Content Outline

(90 scored test questions; 10 unscored test questions)

March 6, 2009

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