



20 Hour SAFE Comprehensive: Financing Residential Real Estate with Uniform State Content (UST)

COURSE SYLLABUS

*Roy L. Ponthier, Ph.D., Ed.D., CDEI, DREI
Executive Director*

Instructor Backgrounds:

Roy L. Ponthier, Ph.D., Ed.D., CDEI, DREI

- Dr. Ponthier is a licensed Louisiana real estate broker, certified real estate and appraisal instructor, and Director of Executive Training Centers, LLC, an educational services company which offers in-class training in real estate, mortgage finance and appraisal, as well as online training through ProEducate, the company's web-based education division which offers real estate and mortgage finance related courses throughout the United States.
- Dr. Ponthier holds a B.S. degree from Southeastern Louisiana College. His graduate training was taken at Tulane University (M.S. and Ph.D.) and the University of New Orleans (M.Ed. and Ed.D.). He holds the Certified Distance Education Instructor (CDEI) certification awarded by the International Distance Education Certification Center (IDECC), as well as the Distinguished Real Estate Instructor (DREI) designation awarded by the Real Estate Educators Association in recognition of exceptional effectiveness in the classroom. Dr. Ponthier has served on the faculty of three Universities, currently teaches classes for The Real Estate Law Society of Loyola University Law School and has chaired college divisions of Computer Science, as well as Education. Since 1988 he has taught real estate related subjects to more than 63,000 students. He is a member of five academic honor societies, as well as MENSA, and author of more than two dozen internationally published scientific papers. He was Director of The Center for Computer Education, Inc., which trained teachers in computer science, and was president of Worldwide Information Network, Inc., a provider of Internet and television marketing in real estate. He has owned two mortgage companies, as well as a business brokerage company and a residential and commercial real estate company.
- Since early 2009, Dr. Ponthier has served on a work group for the Nationwide Mortgage Licensing System & Registry (NMLS&R) to help develop the functional specifications for mortgage pre-licensing and continuing education programs taught in the U.S. He is a member of the Real Estate Educator's Association, The South Central Educators Group, and the Louisiana Mortgage Bankers Association, for which he is Chair of the education committee. Dr. Ponthier's achievements have been documented in Who's Who (Oxford Edition), American Men and Women of Science, and the International Who's Who in Education.

Kat Johnson-Crappel

- Kat joined the lending industry in 1984 and has a diverse real estate background spanning 25-plus years. She obtained her sound skills and extensive knowledge beginning early on as a loan processor in the secondary market; she quickly learned and perfected loan procedures and compliance measures.
- To further her growth Kat joined a real estate attorney's firm as a paralegal to learn the legal side of the industry. While in this position she communicated with buyers, sellers, agents and lending institutions and prepared documents pertaining to FHA, Conventional, VA, Assumptions and FNMA/HUD repossessions. She also used this opportunity to become a Notary Public, a title she still maintains today.
- She then moved into the appraisal sector as office manager for an appraisal firm. While assisting in the preparation of appraisal reports, she further advanced her lending knowledge.
- These lending-related job experiences enabled Kat to maintain a finely tuned perception of the different areas relating to real estate, thus keeping her connected in the mortgage lending field. Once her goals were accomplished, she returned to the industry as a mortgage loan originator. In this position she organized, designed and participated in marketing events and public relations activities on both local and statewide levels. She has also held numerous positions on the Board of Director's and on numerous committees in the local realtor and homebuilder arena.

Required Course Material:

This course is entirely self-contained and does not require additional study materials.

REQUIRED HARDWARE and SOFTWARE (Internet-Based Courses):

- All course content is available online. To access, a student will need access to the Internet via a dial-up service, cable modem, ISDN, DSL, or T-1 connection. The only software needed is access to the Internet browser Internet Explorer 6.0 or higher.
- For most courses, students should utilize a connection that is faster than dial-up to fully appreciate the visual aesthetics of the material.
- Any additional software, such as Adobe Reader, needed to access PDF files, is available in the course for immediate and free download.

Completion Expectations:

Prerequisites:

- There are no educational prerequisites for this course; however, students are expected to have high school level reading and mathematics ability.

Upon registering:

- Students must complete the course lessons/modules and the final exam before the course expiration date.
 - Course completion will include completion of all group discussions and case studies.
 - Each lesson/module will have a quiz at the end that must be passed in order to continue to the next lesson/module.
 - The quiz will consist of 25 multiple-choice format questions requiring a minimum passing score of 75%
 - Quiz questions will be displayed one at a time.
 - Upon submission of the student's response (answer) to each presented quiz question, the system will display the correct/incorrect answer, as well as an explanation of the answer for the student's review.
 - The final exam questions are also presented in multiple-choice format requiring a passing score of 75% or higher
 - If a passing score is not achieved on any quiz or the final exam, the exam will reset and student will be presented with a different set of randomly selected questions. Student will be allowed to retake until a passing score has been achieved, or until the course expires, whichever occurs first.
 - The username and password will be deactivated after the course expiration date has passed.
- Course completion will be banked on the NMLS website and the course completion certificate will be issued to the student (delivered to the student's e-mail address) within 7 days of the scheduled end of the course.

School Policies:

Registration:

- The student is responsible for verification of qualifications for licensing, before registering for a course of study.
- Registrants with any form of criminal history, including misdemeanor or felony convictions, or who are currently on parole, must contact the relevant licensing agency before registering for any pre-licensing or pre-certification course.
- An e-mail account is essential to participate in the online program.

- Any attempt to take the course under an assumed identity, or to accept assistance from others in completing any portion of the course, may result in rejection of a license application, revocation of an existing license, fines, or other penalty provided by law governing the relevant state regulatory agency to whom the student submitted documentation.

Course Participation:

- Students are asked to please be certain that their address book is updated to include acceptance of e-mails from StudentServices@ProEducate.com and Instructor@ProEducate.com
- Instructors may not, in any venue, answer questions of a personal, professional, business, or legal nature, and students should not interpret any information received from instructors, or course content, as being legal or professional advice.
- The instructional staff will respond to questions by e-mail as quickly as possible. In general, questions received by noon on any business day are responded to by 5 pm the following business day. Students who abuse the e-mail opportunity may be dropped from the course, solely at the discretion of the school, without penalty to the school beyond refund of tuition.
- All students required to exercise “chat room netiquette” when participating in group discussions.
 - Unlike a private conversation with a single person via the Internet, the chat room means that many people will read your conversation. It’s rather like talking loudly in a crowded restaurant. One of the goals of chat room etiquette is to keep conversations short and to the point. Longer comments and questions are usually better directed in e-mails. Keep conversations on topic.
 - Rules to follow in a chat room:
 - Introduce yourself.
 - State your question clearly.
 - Be civil to others. Be friendly, and respect others in the room.
 - Give the room a chance to answer you. Patience is a virtue.
 - Do not spam or flood the room with repeated questions, statements, or links.
 - Avoid using font colors other than black.
 - Avoid typing in all caps.
 - Do not use any inappropriate or suggestive language.
 - Do not mention names of specific lenders or companies in the business.
 - Do not discuss hiring practices or job offers you have received.
 - Do not pose questions of a legal nature.
 - Do not ask or pose questions about your personal situation; ask questions pertaining only to course material.
 - Avoid disclosing or asking personal information.
 - When you are ready to leave the chat room, chat room etiquette suggests that you say a general goodbye to the group, just as you might when leaving a party.

School Contact Information:

- **By Phone:** For questions regarding **administrative** issues, the administrative offices may be contacted by phone at (504) 454-9866 or (800) 966-9866, weekdays between 8 a.m. and 5 p.m. central time.
- **By E-mail:** Ask technical or course content questions 24 hours a day by e-mailing the school office at the addresses listed below. A response will typically be received by close of business on the next business day.
 - **Help@ProEducate.com for technical assistance.**
 - **StudentServices@ProEducate.com for questions or comments about registration, administrative issues, or purchases from the online store.**
 - **Instructor@ProEducate.com for questions regarding course content.**
- **In Person:** We are in the office to assist you with administrative questions Monday - Friday 8:00 a.m. to 5:00 p.m. central time. We are located at 4200 S. I-10 Service Rd. W., Suite 134, Metairie, Louisiana 70001 (Boy Scouts of America Building).

Additional Information Regarding the Online Course:

- During the allotted class time, students will have access to the course 24 hours a day and may login and work on the assignments at their convenience.
 - Course completion will be banked on the NMLS website and the course completion certificate will be issued to the student (delivered to the student's e-mail address) within 7 days of course completion.
 - The NMLS unique identifier will be requested when each student first begins the course, or they may e-mail it to StudentServices@ProEducate.com at any time while enrolled in the course.
 - Instructors are constantly monitoring the student's progress throughout the each module of the course.
 - Instructors will contact each student enrolled in the course via e-mail correspondence to offer encouragement and motivation, as well as assistance with course content.
 - If a student is not progressing well within the course, they will be contacted by the instructor who will offer their assistance to the student.
 - During the course, students will be instructed to make postings to the online "FORUM."
 - Postings to the FORUM are a required part of the course.
 - Instructors will review student input and may respond accordingly.
 - Students will also have the opportunity to participate in a scheduled chat room session where they can communicate with the instructor, as well as other students enrolled in the same course.
 - Although students may not have questions or comments, they are encouraged to participate in the chat sessions; students may have thoughts that could be of value to other students.
 - At ProEducate, we understand hectic schedules, so if a student finds they cannot visit the chat room on a particular day, they are encouraged to send an e-mail directly to the instructor at Instructor@ProEducate.com.
 - During the course, if the students have questions about the course content, they may click on the "e-mail instructor" button and send a question to the instructor.
 - E-mails received by 3 PM on any business day will be responded to on the next business day.
 - Students are asked to please be very specific about the location of the content they are questioning (lesson #, topic, etc.)
 - Instructors are permitted to respond only to questions specifically related to the course content.
 - Questions regarding personal situations, unrelated to the specific course material or of a legal nature, may not be responded to.
 - The course also makes a detailed glossary available to the students. Students may click on the glossary to study the definition of terms with which they are not familiar.
 - The "Resources" section of the course makes forms and documents available to assist students in their studies.
 - The "Links" button opens up a list of useful online web pages that also provide some helpful additions to the students' studies.
 - Upon completion of the course material, each student will be required to respond to a course evaluation in addition to a multiple choice final examination.
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LEARNING OBJECTIVES, LESSONS and ASSIGNMENTS:

Day 1: The Primary and Secondary Markets

Upon completion of this lesson, each student will be able to:

- Describe how lending takes place in the primary market
- Discuss the effect of real estate cycles on real estate markets

- Explain the relationship between the primary and secondary markets, including how mortgage funds flow from investors to lenders to home buyers
- List the major secondary market agencies and explain the concept of a government-sponsored enterprise (GSE)
- Explain mortgage-backed securities and their function in the secondary market
- Discuss the importance of underwriting guidelines established by secondary market agencies
- Give examples of the benefits of secondary market agencies and their efforts to increase the availability of mortgage funds
- Summarize the most recent developments with the GSEs in the wake of the mortgage and economic crisis

LESSONS and ASSIGNMENTS

- An overview of the learning objectives for the lesson will be presented
- Lesson content will be presented:
 - Introduction
 - The Mortgage Markets
 - Primary Market
 - Local Market
 - Real Estate Cycles
 - Disintermediation
 - Supply and demand
 - Secondary Market
 - Buying and Selling Loans
 - The Secondary Market Agencies
 - Mortgage-Backed Securities
 - Guaranties
 - MBS Trading
 - Private-Label Securities
 - Secondary Market
 - Functions of Secondary Market
 - Standardized Underwriting
 - Secondary Market Agencies
 - Historical Background
 - Agencies Today
 - GSE's and Subprime Loans
 - Public Benefits from GSEs
 - GSEs and the Economic Crisis
 - Criticism Before Crisis Began
 - On the Brink of Insolvency
 - Conservatorship
 - Federal Guaranty
- Go to "Forum" and post a response to DAY 1 subject
- Take the lesson quiz
- Day 1 assignment

Day 2: Residential Mortgage Lenders/Government Policy and Real Estate Finance

Upon completion of this lesson, each student will be able to:

- Explain the basic steps in the mortgage process
- Distinguish between different types of loan originators and the ways they help borrowers get funds
- Describe new government regulations affecting loan originators at both the national and state level
- List the different types of mortgage lenders and the ways their businesses have changed over time
- Discuss important historical events in the mortgage industry, including the Depression and the savings and loan crisis, and the government's response to these events
- Summarize the factors leading up to the mortgage and financial crisis, and the impact it may have on the mortgage industry
- Recall the two ways in which the federal government influences the cost of borrowing money
- Define fiscal policy and the branches of government that determine and implement it
- Describe how government spending and the federal deficit are covered using debt financing

- Explain how taxation is used to carry out social policy with respect to real property ownership
- Summarize the historical reasons for government regulation of depository institutions
- Outline the organization of the Federal Reserve System
- Discuss the relationship between the Federal Reserve's actions, inflation, and the health of the economy
- List the tools used by the Federal Reserve to implement monetary policy

LESSONS and ASSIGNMENTS

- An overview of the learning objectives for the lesson will be presented
- Lesson content will be presented:
 - Introduction
 - Types of Mortgage Lenders
 - Commercial Banks
 - Distinguished from Investment Banks
 - Savings Banks
 - Savings and Loan Associations
 - Credit Unions
 - Mortgage Companies
 - How Mortgage Banking Works
 - Independent Companies
 - Banker vs. Broker
 - Private Lenders
 - Comparing Lenders
 - Government Intervention in Mortgage Lending
 - The Depression
 - Foreclosure Epidemic
 - New Deal Initiatives
 - Transforming Home Mortgages
 - The Savings and Loan Crisis
 - Demand vs. Time Deposits
 - Savings Deposits
 - Deregulation
 - Reform
 - Changing Market Shares
 - Mortgage Industry Trends
 - Technological Changes
 - Nationwide Lending
 - Overview of the Mortgage Process
 - Loan Origination
 - Retail Transactions
 - Wholesale Transactions
 - Loan Correspondents
 - Mortgage Brokers
 - Regulation of Loan Originators
 - S.A.F.E. Licensing and Registration Rules
 - Other S.A.F.E. Provisions
 - Originator's Fiduciary Duties
 - More Mortgage Industry Trends
 - Sub-Prime Lending
 - Sub-Prime Rates and Fees
 - Sub-Prime and Secondary Market
 - Housing Bubble
 - Fiscal Policy
 - Spending and Debt Financing
 - Taxation
 - Deduction of Mortgage Interest
 - Gain on Sale of a Home
 - Cost Recovery Deductions
 - Monetary Policy
 - Federal Reserve System
 - Historical Background
 - Organization

- Economic Growth and Inflation
- Tools for Implementing Monetary Policy
- Reserve Requirements
- Interest Rates
- Open Market Operations
- Changes in Monetary Policy
- Go to “Forum” and post a response to DAY 2 subject
- Take the lesson quiz
- Day 2 assignment

Day 3: Finance Instruments/Basic Features of a Residential Loan

Upon completion of this lesson, each student will be able to:

- Identify the parties to and the basic provisions of a promissory note
- Distinguish between a straight note and an installment note
- Explain the purpose of having a security instrument accompany a loan
- Define hypothecation and its relationship to the possession of property used as collateral
- Compare the parties involved in a mortgage with those involved in a deed of trust
- Contrast the advantages of judicial foreclosure and non-judicial foreclosure
- Describe the three basic alternatives to foreclosure
- List typical clauses found in real estate finance instruments and describe their effects
- Discuss how an alienation clause affects the assumption of a loan
- Name the major types of mortgage loans and identify their characteristics
- Identify the basic features of a mortgage loan, including amortization, repayment period, loan-to-value ratio, mortgage insurance or guaranty, and fixed or adjustable rate
- Explain how different forms of amortization work, and the concept of a balloon payment
- Discuss the relationship between a loan’s repayment period and its interest rate
- Calculate a loan-to-value ratio
- Explain the purpose of mortgage insurance or loan guaranties
- Give an example of the restrictions a primary lender might place on secondary financing
- Name the issues adjustable-rate mortgages were designed to address
- List the features of an adjustable-rate mortgage, including those used to control interest rate and payment adjustments
- Describe the circumstances under which negative amortization can result

LESSONS and ASSIGNMENTS

- An overview of the learning objectives for the lesson will be presented
- Lesson content will be presented:
 - Introduction
 - Promissory Notes
 - Basic Provisions
 - Negotiability
 - Without Recourse
 - Holder in Due Course
 - Types of Notes
 - Security Instruments
 - Historical Background
 - Liens
 - Mortgages
 - Covenants
 - Mortgage Recording
 - Satisfaction
 - Deeds of Trust
 - Foreclosure
 - Judicial Foreclosure
 - Non-Judicial Foreclosure
 - Judicial Foreclosure Procedures
 - Non-Judicial Foreclosure Procedures
 - Lender’s Point of View

- Borrower's Point of View
 - Land Contract
 - Finance Instrument Provisions
 - Subordination Clause
 - Late Charge Provisions
 - Prepayment Provisions
 - Partial Release Clauses
 - Acceleration Clauses
 - Alienation Clauses
 - Types of Real Estate Loans
 - Junior or Senior Mortgage
 - Purchase Money Mortgage
 - Home Equity Loan
 - Refinance Mortgage
 - Budget Mortgage
 - Package Mortgage
 - Blanket Mortgage
 - Construction Loan
 - Reverse Equity Mortgage
 - Amortization
 - Fully Amortized Loan
 - Partially Amortized Loan
 - Interest-Only Loan
 - Repayment Period
 - Monthly Payment Amount
 - 20 Year Loans
 - Loan-to-Value Ratio
 - Mortgage Insurance or Loan Guaranty
 - Secondary Financing
 - Non-Traditional Mortgage Products
 - Fixed or Adjustable Interest Rate
 - Fixed-Rate Loan
 - Adjustable-Rate Loan
 - How ARMs Work
 - ARM Features
 - Note Rate
 - Index
 - Margin
 - Rate Adjustment Period
 - Adjustment Period
 - Look-Back Period
 - Interest Rate Cap
 - Mortgage Payment Cap
 - Negative Amortization
 - Conversion Option
- Go to "Forum" and post a response to DAY 3 subject
- Take the lesson quiz
- Day 3 assignment

Day 4: The Financing Process/Qualifying the Buyer

Upon completion of this lesson, each student will be able to:

- Distinguish between prequalification and preapproval
- Perform the steps in the prequalification process
- Understand loan costs, such as origination fees and discount points
- Discuss the purpose and the requirements of the Truth in Lending Act and RESPA
- Describe the steps in the loan application process
- Understand the reasoning behind the underwriting process
- Explain the purpose of and the procedures used in the closing process
- Describe the basic steps in the underwriting process
- Understand the purpose of underwriting (qualifying) standards

- Define the different classifications used in an automated underwriting report
- Discuss an underwriter's main considerations: credit reputation, income, and net worth
- Define quantity, quality, and durability of income
- List the types of income that qualify as stable monthly income
- Explain how to use income ratios to measure the adequacy of income
- Calculate net worth using an applicant's assets and liabilities
- Understand credit history and credit scores
- List other underwriting considerations, such as LTV, repayment period, and property type
- Summarize the concepts of subprime lending and risk-based pricing

LESSONS and ASSIGNMENTS

- An overview of the learning objectives for the lesson will be presented
- Lesson content will be presented:
 - Introduction
 - Shopping for a Loan
 - Assessing Buyer's Circumstances
 - Pre-qualifying vs. Pre-approval
 - How to Prequalify Buyers
 - Choosing A Lender
 - Identifying Prospects
 - Interviewing Prospective Lenders
 - Criteria for Choosing a Lender
 - Loan Costs
 - Types of Loan Fees
 - Comparing Loan Costs
 - No-Fee Loans
 - Evaluating Financing Options
 - Buyer Counseling Programs
 - Applying for a Loan
 - The Loan Interview
 - Pre-qualifying During the Interview
 - Deposit
 - Contract and Closing Date
 - Loan Application Form
 - Types and Terms of Loan
 - Property Information & Purpose
 - Borrower/Co-borrower Information
 - Employment Information
 - Income & Monthly Expense
 - Assets and Liabilities
 - Details of Transaction
 - Declarations
 - Acknowledgement & Agreement
 - Information For Government Monitoring
 - Continuation Sheet
 - Application Checklist
 - Disclosure Statements
 - Locking in the Interest Rate
 - Lock-In Period
 - Application Processing
 - The Underwriting Decision
 - Rejection
 - Conditional Commitment
 - Pre-Approval Letter
 - Final Commitment
 - Closing the Loan
 - Closing Agent
 - Steps in Closing Process

- Clearing Liens From Title
 - Inspections and Repairs
 - Documents and Buyer's Funds
 - Impound Account
 - Hazard Insurance
 - Flood Insurance
 - Interim Interest
 - Funding the Loan
 - Settlement Statements
 - Final Steps
- The Underwriting Process
 - Qualifying Standards
 - Automated Underwriting
 - AU Programming
 - How AU Works
 - Advantages of AU
- Evaluating Creditworthiness
- Income Analysis
 - Characteristics of Income
 - Stable Monthly Income
 - Employment Income
 - Retirement Income
 - Investment Income
 - Rental Income
 - Maintenance, Alimony, Child Support
 - Public Assistance
 - Unacceptable Types of Income
 - Calculating Stable Monthly Income
 - Non-Taxable Income
- Income Ratios
 - Co-Signers
- Net Worth
 - Funds for Closing
 - Assets
 - Bank Accounts
 - Real Estate for Sale
 - Other Real Estate
 - Liabilities
 - Gift Funds
- Credit Reputation
 - Credit Reports
 - Length of Credit History
 - Payment Record
 - Major Derogatory Incidents
 - Credit Scores
 - Obtaining Credit Information
 - Explaining Credit Problems
- Other Factors in Underwriting
 - Loan Types
 - Repayment Period
 - Owner Occupancy
 - Property Type
- Risk-based Loan Pricing
- Go to "Forum" and post a response to DAY 4 subject
- Take the lesson quiz
- Day 4 assignment

Days 5 and 6: Qualifying the Property/Conventional Financing

Upon completion of this lesson, each student will be able to:

- Explain the role of an appraisal in determining a property's market value
- Describe how loan-to-value ratios affect the lender's risk
- List the steps in the appraisal process
- Discuss the three basic methods for estimating a property's value: sales comparison, replacement cost, and income
- Define the five elements that are considered when evaluating a property's suitability as a comparable
- Understand the difference between replacement cost and reproduction cost
- List the three different types of depreciation
- Calculate a property's value using a gross income multiplier
- Prevent and/or respond to problems caused by a low appraisal
- Distinguish between conforming and nonconforming loans
- List the key features found in most conventional loans
- Understand conforming loan limits and why they are important
- Summarize the concept of risk-based loan fees
- Explain when private mortgage insurance is needed and when it can be canceled
- Discuss the restrictions commonly placed on secondary financing
- Calculate the debt to income ratio and housing expense to income ratio
- List compensating factors that may justify loans with higher ratios
- Describe ways to make a loan more affordable, such as buydowns and accelerated payment plans

LESSONS and ASSIGNMENTS

- An overview of the learning objectives for the lesson will be presented
- Lesson content will be presented:
 - Introduction
 - Lender's Perception of Value
 - Home Valuation Code of Conduct – HVCC
 - Appraisals and LTV Ratios
 - LTVs and Risk
 - Loan Based on Sales Price/Appraisal
 - Collateral vs. Creditworthiness
 - Appraisal Standards
 - The Appraisal Process
 - Defining the Problem
 - Determining Data That is Needed
 - Gather & Verify General Data
 - Gather & Verify Specific Data
 - Apply the Appraisal Methods
 - Reconcile the Results
 - Issue the Appraisal Report
 - Appraisal Methods
 - Sales Comparison Method
 - Sales Comparison vs. CMA
 - Identifying Comparables
 - Date of Sale
 - Location of Sale
 - Physical Characteristics
 - Terms of Sale
 - Arm's Length Transaction
 - Adjustments
 - Replacement Cost Method
 - Estimating Replacement Cost
 - Estimating Depreciation
 - Adding Land Value
 - Income Method
 - Final Value Estimate
 - Dealing with Low Appraisals

- Preventing Low Appraisals
 - Request for Reconsideration of Value
- Conventional Loans
- Conventional Loan Characteristics
 - Owner Occupancy Rules
 - Loan Amounts
 - Loan-to-Value Ratios
 - ARM Loan-to-Value Ratios
 - Private Mortgage Insurance
 - How PMI Works
 - PMI Premiums
 - Cancellation of PMI
- Secondary Financing
 - Restrictions
 - Piggyback Loans
- Qualifying Standards
 - Evaluating Risk Factors
 - Income Analysis
 - Obligations to Income Ratio
 - Housing Expense to Income Ratio
 - Applying the Ratio
 - Debt-to-Housing Gap Ratio
 - Higher Ratios & Compensating Factors
 - Factors that Increase Risk
 - 95% Loans
 - ARMs
- Net Worth
 - Gift Funds
 - Reserves
 - Credit Reputation
- Special Programs & Payment Plans
 - Buydowns
 - Permanent Buydowns
 - Temporary Buydowns
 - Buydowns and Qualifying Rules
 - Limits on Buydowns
 - Lower Initial Payments
 - Two-step Mortgages
 - Balloon/Reset Mortgages
 - Interest First Mortgages
 - Low Down Payment Plans
 - Affordable Housing Programs
- Accelerated Payment Plans
 - Bi-weekly Mortgages
 - Growing Equity Mortgages
- Go to “Forum” and post a response to DAYS 5 and 6 subject
- Take the lesson quiz
- Days 5 and 6 assignment

Day 7: FHA Insured Loans/VA Guaranteed Loans

Upon completion of this lesson, each student will be able to:

- Discuss the purpose of the FHA-insured loan program
- Identify key rules governing FHA-insured loans
- List the different types of FHA loan programs
- Understand the role of maximum loan amounts, and how they vary by location
- Discuss how a borrower can meet the minimum cash investment requirement
- Calculate upfront and annual mortgage insurance premiums
- Identify when secondary financing may be used in the context of an FHA loan

- Explain when an FHA loan may be assumed
- Describe the underwriting requirements for an FHA loan, including the income ratios
- List the characteristics that distinguish VA-guaranteed loans
- Describe the criteria for eligibility for a VA loan
- Define the role of the VA guaranty and how it affects the VA loan amount
- Illustrate how a substitution of entitlement works
- Calculate how much of a down payment will be needed for a particular loan
- Describe VA underwriting guidelines
- List compensating factors that might help a marginal applicant obtain a VA loan

LESSONS and ASSIGNMENTS

- An overview of the learning objectives for the lesson will be presented
- Lesson content will be presented:
 - Introduction
 - Characteristics of FHA Loans
 - FHA Loan Programs
 - Minimum Cash Investment & LTV
 - Section 203(b)
 - Section 203(k)
 - Section 223(e)
 - Section 234(c)
 - Section 245 and 245(a)
 - Section 251
 - Section 255
 - USDA Rural Loans
 - FHA Insurance Premiums
 - Upfront MIP
 - Annual Premium
 - Annual Premium Cancellation
 - Sales Concessions
 - Seller Contributions
 - Inducements to Purchase
 - Secondary Financing
 - Cash Investment
 - Base Loan
 - Assumption of FHA Loans
 - Assumption Charges
 - FHA Underwriting
 - Income Analysis
 - Assets for Closing
 - Other Closing Requirements
 - Characteristics of VA Loans
 - Funding Fees
 - Eligibility for VA Loans
 - VA Guaranty
 - Guaranty Amount
 - Veteran's Liability
 - Substitution of Entitlement
 - Remaining Entitlement
 - Entitlement and Co-Ownership
 - Refinancing with a VA Loan
 - VA Loan Amounts
 - Making a Down Payment
 - Secondary Financing
 - Underwriting Guidelines
 - Income Ratio Analysis
 - Residual Income Analysis
 - Compensating Factors
 - Income Ratio Exceptions
- Go to "Forum" and post a response to DAY 7 subject

- Take the lesson quiz
- Day 7 assignment

Day 8: Equal Credit Opportunity Act/Fair Housing Act/Home Mortgage Disclosure Act/Fair Credit Reporting Act

Upon completion of this lesson, each student will be able to:

- Describe the purpose of the Equal Credit Opportunity Act
- List discriminatory acts and protected classes under the Fair Housing Act
- Explain the goals of the Community Reinvestment Act
- Discuss the role of the Home Mortgage Disclosure Act in preventing redlining

LESSONS and ASSIGNMENTS

- An overview of the learning objectives for the lesson will be presented at the beginning of each section
- Lesson content will be presented:
 - **Equal Credit Opportunity Act (ECOA)**
 - Introduction
 - ECOA Disclosures
 - Spouse or Former Spouse Info
 - Age Discrimination
 - Childbearing, Childrearing
 - Additional Regulations
 - Adverse Action
 - Appraisal Notification
 - **Fair Housing Act (FHA)**
 - Introduction
 - Comparing the FHA and the ECOA
 - Discrimination
 - Based on Religion
 - Discrimination Based on Sex
 - Discrimination - National Origin
 - Discrimination – Familial Status
 - Discrimination – Disability
 - **Home Mortgage Disclosure Act (HMDA)**
 - Introduction
 - Purpose
 - Compliance
 - **Fair Credit Reporting Act – FCRA**
 - Introduction
 - Purpose
 - Ordering a Credit Report
 - Role of the Loan Officer
 - Rights of the Consumer
 - Fair and Accurate Credit Transactions Act – FACTA
 - Privacy Protection/Do Not Call
 - The Fair Isaac Company Score
 - Three Major Reporting Agencies
 - Sections of a Credit Report
- Go to “Forum” and post a response to DAY 8 subject
- Take the lesson quiz
- Day 8 assignment

Day 9: Truth in Lending/Fraud in Lending

Upon completion of this lesson, each student will be able to:

- Describe the purpose of the Equal Credit Opportunity Act
- List discriminatory acts and protected classes under the Fair Housing Act
- Explain the goals of the Community Reinvestment Act
- Discuss the role of the Home Mortgage Disclosure Act in preventing redlining
- Summarize the purpose of the Truth in Lending Act

- Describe TILA's disclosure requirements, such as the annual percentage rate and total finance charge, and state how the right of rescission works

LESSONS and ASSIGNMENTS

- An overview of the learning objectives for the lesson will be presented
- Lesson content will be presented:
 - **Consumer Protection Laws**
 - Introduction
 - Truth In Lending Act
 - Mortgage Disclosure Improvement Act – MDIA
 - “3-7-3 Rule” of MDIA
 - Adjustable Rate Mortgages - Relationship to TILA
 - Truth in Lending Act - Right of Rescission
 - Highlights of Final Rules on Loan Originator Compensation and Steering
 - **Fraud in Lending**
 - Introduction
 - Defining Fraud
 - Fraud for Profit
 - Fraud for Housing
 - Straw Borrower
 - Identity Theft
 - Builder Bailout
 - Flips
 - Sales Contract Fraud
 - Appraisal Fraud
 - Fraud on the HUD-1
 - Loan Application Fraud
 - Income Fraud
 - Asset Fraud
 - Credit Report Fraud
 - Quality Control
 - Ethical Behavior
- Go to “Forum” and post a response to DAY 9 subject
- Take the lesson quiz
- Day 9 assignment

Day 10: Real Estate Settlement Procedures Act/Predatory Lending/Non Traditional Mortgage Products

Upon completion of this lesson, each student will be able to:

- Explain the disclosure requirements and prohibited practices provisions in the Real Estate Settlement Procedures Act
- Define predatory lending and give examples of predatory practices
- Summarize the laws regulating predatory lending

LESSONS and ASSIGNMENTS

- An overview of the learning objectives for the lesson will be presented
- Lesson content will be presented:
 - **Real Estate Settlement Procedures Act (RESPA)**
 - Introduction
 - Real Estate Settlement Procedures Act (RESPA)
 - Covered Transactions
 - Exemptions
 - Definitions
 - Disclosures Required At Loan Application
 - Good Faith Estimate
 - Mortgage Disclosure Improvement Act
 - HUD-1 Settlement Statement
 - Disclosures Required at Loan Application
 - Disclosures Required Before Settlement/Closing Occurs

- Disclosures After Settlement
 - Consumer Protections and Prohibited Practices
 - RESPA Enforcements
 - Escrow Accounts and RESPA
 - **Predatory Lending**
 - Introduction
 - Practices
 - Targeted Victims
 - Predatory Lending Laws
 - State Predatory Lending Laws
 - Other Efforts to Stop Predatory Lending
 - **Non-Traditional Mortgage Product Marketplace**
 - Introduction
 - Encumbrances and Liens
 - Deed of Trust and Mortgage Docs
 - Mortgage and the Note
 - Contract for Deed
 - Junior Loans
 - Second Mortgage/Deed of Trust
 - Foreclosure
 - Junior Loan Interest Rates
 - Loan Types
 - Fixed Rate Loan
 - Adjustable Rate Mortgage-ARM
 - FHA Loan
 - FHA 203(b)
 - FHA-203(H)
 - FHA 203(k)
 - FHA-Reverse Mortgage
 - VA Loans
- Go to “Forum” and post a response to DAY 10 subject
 - Take the lesson quiz
 - Day 10 assignment

Day 11: Uniform State Content

This lesson is designed to help prepare each student for the Uniform State Exam (UST).

LESSONS and ASSIGNMENTS

- An overview of the learning objectives for the lesson will be presented
- Lesson content will be presented:
 - **Department of Financial Institutions or Mortgage Regulatory Commission**
 - Regulatory Authority
 - Purposes and Methods for Establishing a Mortgage Licensing System and Registry
 - Responsibilities and Limitations
 - **State Law and Regulation Definitions**
 - Bureau
 - Depository Institution
 - Director
 - Loan Originator
 - Loan Processor or Underwriter
 - Nationwide Mortgage Licensing System and Registry
 - Non-Traditional Mortgage Product
 - Real Estate Brokerage Activity
 - Registered Loan Originator
 - Residential Mortgage Loan
 - State-Licensed Loan Originator
 - Unique Identifier
 - Responsibility of States
 -

- **License Law and Regulation/Compliance**
 - Persons Required to be Licensed
 - Supervised Loan Processors and Underwriters
 - Independent Contractors
 - Licensee Qualifications and Application Process
 - Background Checks
 - Issuance of License
 - Pre-Licensing Education
 - Testing of Loan Originators
 - Mortgage Call Reports
 - Grounds for Denying a License
 - License Maintenance
 - Standards for State License Renewal
 - Prohibited Conduct and Practices
 - Required Conduct
 - Advertising
- Take the lesson quiz

Course Final Examination

Students will be administered a final examination consisting of 100 multiple choice questions.

The examination is a multiple-choice style timed examination in which students will be given 150 minutes to complete.

The minimum passing score is 75%.

Students who fail the examination may retake throughout the duration of their course.

End-of-Course Evaluation

NMLS requires that each student complete an end-of-course survey which indicates the student's evaluation of both the course and instructional services. This survey will take only a few moments to complete, but is required before a certificate of completion can be issued.

AMOUNT OF TIME ALLOCATED FOR EACH MODULE (LESSON):

Day 1		
	The Primary and Secondary Markets Part 1	0:08:33
	The Primary and Secondary Markets Part 2	0:14:09
	The Primary and Secondary Markets Part 3	0:17:22
	Go to Forum Day One	0:05:00
	Quiz Day One	0:03:00
	Day 1 Assignment	0:05:00
Day 2		
	Residential Mortgage Lenders Part 1	0:16:24
	Residential Mortgage Lenders Part 2	0:10:53
	Residential Mortgage Lenders Part 3	0:17:53
	Residential Mortgage Lenders Part 4	0:24:34
	Government Policy and Real Estate Finance Part 1	0:13:07
	Government Policy and Real Estate Finance Part 2	0:14:35
	Government Policy and Real Estate Finance Part 3	0:18:52
	Go to Forum Day Two	0:05:00
	Quiz Day Two	0:03:00
	Day 2 Assignment	0:05:00
Day 3		
	Finance Instruments Part 1	0:09:43
	Finance Instruments Part 2	0:14:48
	Finance Instruments Part 3	0:19:03
	Finance Instruments Part 4	0:12:55
	Finance Instruments Part 5	0:14:23
	Basic Features of a Residential Loan Part 1	0:12:54
	Basic Features of a Residential Loan Part 2	0:13:10
	Basic Features of a Residential Loan Part 3	0:06:15
	Basic Features of a Residential Loan Part 4	0:20:08
	Go to Forum Day Three	0:05:00
	Quiz Day Three	0:03:00
	Day 3 Assignment	0:05:00
Day 4		
	The Financing Process Part 1	0:17:18
	The Financing Process Part 2	0:19:24
	The Financing Process Part 3	0:18:18
	The Financing Process Part 4	0:14:30
	Qualifying the Buyer Part 1	0:13:27
	Qualifying the Buyer Part 2	0:25:05
	Qualifying the Buyer Part 3	0:08:47
	Qualifying the Buyer Part 4	0:11:04
	Qualifying the Buyer Part 5	0:05:19
	Go to Forum Day Four	0:05:00

	Quiz Day Four	0:03:00
	Day 4 Assignment	0:05:00
Days 5 & 6		
	Qualifying the Property Part 1	0:15:41
	Qualifying the Property Part 2	0:11:37
	Qualifying the Property Part 3	0:10:17
	Qualifying the Property Part 4	0:05:32
	Qualifying the Property Part 5	0:08:38
	Conventional Financing Part 1	0:17:04
	Conventional Financing Part 2	0:25:27
	Conventional Financing Part 3	0:13:20
	Conventional Financing Part 4	0:07:48
	Go to Forum Days Five and Six	0:05:00
	Quiz Days Five and Six	0:03:00
	Days 5&6 Assignment	0:05:00
Day 7		
	FHA-Insured Loans Part 1	0:12:29
	FHA-Insured Loans Part 2	0:31:12
	FHA-Insured Loans Part 3	0:20:15
	FHA-Insured Loans Part 4	0:13:32
	VA-Guaranteed Loans Part 1	0:12:06
	VA-Guaranteed Loans Part 2	0:16:51
	VA-Guaranteed Loans Part 3	0:15:18
	Go to Forum Day Seven	0:05:00
	Quiz Day Seven	0:03:00
	Day 7 Assignment	0:05:00
Day 8		
	Equal Credit Opportunity Act - Regulation B	0:25:26
	Fair Housing Act	0:38:28
	HMDA/FCRA	0:27:21
	Go to Forum Day Eight	0:05:00
	Quiz Day Eight	0:03:00
	Day 8 Assignment	0:05:00
Day 9		
	Truth in Lending Act Part 1	0:32:26
	Truth in Lending Act Part 2	0:16:55
	Fraud in Lending	0:31:58
	Go to Forum Day Nine	0:05:00
	Quiz Day Nine	0:03:00
	Day 9 Assignment	0:05:00
Day 10		
	RESPA Part 1	0:12:00
	RESPA Part 2	0:18:25
	RESPA Part 3	0:30:30
	RESPA Part 4	0:11:37
	Predatory Lending	0:22:02

	Non Traditional Mortgage Products Part 1	0:18:50
	Non Traditional Mortgage Products Part 2	0:25:16
	Go to Forum Day Ten	0:05:00
	Quiz Day Ten	0:03:00
	Day 10 Assignment.pdf	0:05:00
Day 11	Department of Financial Institutions or Mortgage Regulatory Commission	0:05:00
	State Law and Regulation Definitions	0:20:00
	License Law and Regulation/Compliance	0:50:00
	Quiz Day Eleven	0:03:00
	NMLS End-of-Course Survey - 20 Hour SAFE Comprehensive	0:05:00
	Final Exam	0:10:00

Assignments and Materials Utilized in Each Module (Lesson) Include: PowerPoint/Audio presentation; exercise presented through forum for class discussion; downloadable handouts pertaining to lesson content; extensive glossary to view online or print; recommended reading assignment; daily assignments; and end of lesson quiz.