

# SAFE Mortgage Loan Originator Test -- National Component

## Content Outline

(90 scored test questions; 10 unscored test questions)

### 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

## 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](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](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>

