

# 20 Hour SAFE Comprehensive – Mortgage Loan Originator Pre-Licensure Education Course

## Course Provider:

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# **Rules of Conduct for NMLS Approved Pre-Licensure (PE) and Continuing Education (CE) Courses**

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The Secure and Fair Enforcement for Mortgage Licensing Act (SAFE Act), requires that state-licensed MLOs complete pre-licensing (PE) and continuing education (CE) courses as a condition to be licensed. The SAFE Act also requires that all education completed as a condition for state licensure be NMLS approved. Since 2009 NMLS has established course design, approval, and delivery standards which NMLS approved course providers are required to meet. To further ensure students meet the education requirements of the SAFE Act, NMLS has established a Rules of Conduct (ROC). The ROC, which have been approved by the NMLS Mortgage Testing & Education Board, and the NMLS Policy Committee, both of which are comprised of state regulators, are intended to stress that NMLS approved education be delivered and completed with integrity.

## **Rules of Conduct**

As an individual completing either pre-licensure education (PE) or continuing education (CE), I agree to abide by the following rules of conduct:

1. I attest that I am the person who I say I am and that all my course registration information is accurate.
2. I acknowledge that I will be required to show a current government issued form of identification prior to, and during the course, and/or be required to answer questions that are intended to verify/validate my identity prior to, and during the course.
3. I understand that the SAFE Act and state laws require me to spend a specific amount of time in specific subject areas. Accordingly, I will not attempt to circumvent the requirements of any NMLS approved course.
4. I will not divulge my login ID or password or other login credential(s) to another individual for any online course.
5. I will not seek or attempt to seek outside assistance to complete the course.
6. I will not give or attempt to give assistance to any person who is registered to take an NMLS approved prelicensure or continuing education course.
7. I will not engage in any conduct that creates a disturbance or interferes with the administration of the course or other students' learning.
8. I will not engage in any conduct that would be contrary to good character or reputation, or engage in any behavior that would cause the public to believe that I would not operate in the mortgage loan business lawfully, honestly or fairly.
9. I will not engage in any conduct that is dishonest, fraudulent, or would adversely impact the integrity of the course(s) I am completing and the conditions for which I am seeking licensure or renewal of licensure.

I understand that NMLS approved course providers are not authorized by NMLS to grant exceptions to these rules and that I alone am responsible for my conduct under these rules. I also understand that these rules are in addition to whatever applicable rules my course provider may have.

I understand that the course provider or others may report any alleged violations to NMLS and that NMLS may conduct an investigation into alleged violations and that it may report alleged violations to the state(s) in which I am seeking licensure or maintain licenses, or to other states.

I further understand that the results of any investigation into my alleged violation(s) may subject me to disciplinary actions by the state(s) or the State Regulatory Registry (SRR), including removal of any course from my NMLS record, and/or denial or revocation of my license(s).

# 20 Hour SAFE Comprehensive – Mortgage Loan Originator Pre-Licensure Education Course

## Course Syllabus

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### ***Course Description***

This course is designed to prepare persons to take the exam to become a state-licensed mortgage loan originator in states that do not require additional state-specific education. This includes: Alabama, Alaska, Arkansas, California (CalBRE), Colorado, Delaware, Georgia, Illinois, Indiana (DFI), Iowa, Kansas, Kentucky, Louisiana, Maine, Minnesota, Oklahoma, Missouri, South Carolina, South Dakota, Texas (OCCC), Utah (DFI), Virginia, Wisconsin, and Wyoming. States not listed here require additional education not covered by this course.

Students will learn about various aspects of the mortgage lending industry such as loan finance documents, the laws that must be followed, the importance of ethical conduct, how to watch out for fraud and other nefarious acts, how to complete a loan application and the process for loan approval, and various different loan programs that are available to consumers.

### ***Course Schedule***

Day 1	Segment 1: The Mortgage Lending Industry Segment 2: Basic Loan Finance Documents Segment 3: Financing Terminology Segment 4: The SAFE Act
Day 2	Segment 5: Federal Laws Governing Mortgage Practice
Day 3	Segment 6: Ethics and Consumer Protection Segment 7: Fraud and Money Laundering Segment 8: The Mortgage Loan Application
Day 4	Segment 9: Processing and Underwriting Segment 10: Closing Segment 11: Financial Calculations Segment 12: Specific Loan Programs Conclusion and Final Exam

## ***Topics and Learning Objectives***

### **Segment 1: The Mortgage Lending Industry**

Total study time: 30 minutes

1. The Mortgage Market (20 minutes)
2. The Parties Involved in the Mortgage Loan Process (10 minutes)

This segment will give you an overview of the mortgage lending industry. Students will learn about various types of lenders and the parties who are involved in the mortgage lending process.

At the end of this segment, students will be able to:

- describe how U.S. policies affect the mortgage lending market.
- recognize the differences between the primary and secondary mortgage markets
- identify the various lenders that are part of each mortgage market

### **Segment 2: Basic Loan Finance Documents**

Total study time: 30 minutes

1. The Promissory Note (5 minutes)
2. The Mortgage (10 minutes)
3. The Trust Deed (10 minutes)
4. Seller Financing (5 minutes)

This segment will explain the various promissory notes that are available. Students will also learn the three main types of security instruments used in residential purchase transactions.

At the end of this segment, students will be able to:

- name the four elements that all negotiable instruments are required to have.
- summarize the common promissory notes used by lenders and the clauses that are included with real estate transactions.
- recognize the differences between a mortgage, a trust deed, and seller financing.
- outline how a lender can foreclose on a distressed note for each type of security instrument.

### **Segment 3: Financing Terminology**

Total study time: 1 clock hour

1. Financing Terminology (15 minutes)
2. Common Types of Loans (35 minutes)
3. Lien Priority (5 minutes)
4. Distressed Property (5 minutes)

There are many terms and words used within the mortgage industry that aren't a part of the everyday person's vocabulary. This segment will outline many common words and loans used in the lending industry.

At the end of this segment, students will be able to:

- identify many common glossary terms used in the industry.
- outline the various loans that are available to borrowers.
- describe how lien priority can affect a mortgage.
- identify three options available to property owners who default on their loans.

#### **Segment 4: The SAFE Act**

Total study time: 1 clock hour

1. Who Does the SAFE Act Apply To? (10 minutes)
2. Licensing, Exemptions, Definitions (10 minutes)
3. The Nationwide Mortgage Licensing System and Registry (NMLS) (30 minutes)
4. The SAFE Act and the Consumer (10 minutes)

After the passage of the SAFE Act, a national registration system was created that allowed states to use a centralized system to supervise the licensing of individuals and companies. This segment will explain the SAFE Act and its implications on the mortgage industry

At the end of this segment, students will be able to:

- define who is and who is not a mortgage loan originator.
- outline what is necessary to obtain a loan originator's license.
- memorize the requirements for annual license renewal.
- recognize the limitations of a state's authority over its licensees.

#### **Segment 5: Federal Laws Governing Mortgage Practice**

Total study time: 4.5 clock hours

1. The Truth in Lending Act (TILA) (15 minutes)

2. Real Estate Settlement Procedures Act (RESPA) (40 minutes)
3. The Ability-to-Repay and Qualified Mortgages (45 minutes)
4. Points and Fees Caps (25 minutes)
5. Home Ownership and Equity Protection Act (HOEPA) (35 minutes)
6. The Alternative Mortgage Transaction Parity Act (AMTPA) (15 minutes)
7. Fair Housing (20 minutes)
8. The Equal Credit Opportunity Act (ECOA) – Regulation B (15 minutes)
9. Home Mortgage Disclosure Act (HMDA) (15 minutes)
10. Fair Credit Reporting Act (FCRA) (25 minutes)
11. Gramm-Leach-Bliley Financial Modernization Act (GLBA) (20 minutes)

This segment will outline many of the important federal regulations and rules that students will need to comply with when working with borrowers on residential loan transactions.

At the end of this segment, students will be able to:

- outline many of the consumer protection laws that have been passed by the Federal Government.
- summarize how to determine a consumer's ability to repay the loan being applied for.
- recognize the restrictions on fees for specific types of loans.
- describe the ways a consumer is protected from discrimination in lending.
- identify the ways in which licensees can protect a consumer's private financial information.

## **Segment 6: Ethics and Consumer Protection**

Total study time: 1 clock hour

1. The History of Mortgage Industry Abuses (15 minutes)
2. Ethics (10 minutes)
3. Sales and Marketing (10 minutes)
4. Do-Not-Call (5 minutes)
5. Prohibited Deceptive, Abusive, and Unfair Practices (10 minutes)
6. Selecting the Right Loan Product for the Borrower (5 minutes)
7. Loan Processing (5 minutes)

Interacting with the public must always be done in an ethical manner. There are many courtesy standards that should be followed, as licensees are expected to protect the loan applicant's interests and not take an unfair advantage of an applicant in order to earn a commission.

At the end of this segment, students will be able to:

- recognize how unethical behavior negatively impacted the public's perception of the lending industry.
- identify acts and practices that are considered unethical by regulators.
- describe the regulations set in place that protect consumers from aggressive marketing solicitations.
- outline conduct that will ensure ethical treatment of loan applicants.

## **Segment 7: Fraud and Money Laundering**

Total study time: 1 clock hour

1. Money Laundering (10 minutes)
2. Company AML Program Requirements (10 minutes)
3. Mortgage Loan Fraud and Types of Fraud Schemes (30 minutes)
4. Mortgage Assistance Relief Services (MARS) (10 minutes)

This segment will outline the ways in which loan fraud is used for illegal activities, the programs that companies are expected to create to detect fraud, and the various ways that criminals try to trick lenders (and mortgage loan originators) into financing their property purchases.

At the end of this segment, students will be able to:

- summarize the three stages of money laundering.
- explain the regulations of the BSA and the Patriot Act provisions with regards to financial fraud.
- memorize many key red flags that will help you to detect possible mortgage application fraud.
- know what to do when you detect suspicious activity when working with loan applications.
- identify the common schemes used to perpetrate financial fraud.

## **Segment 8: The Mortgage Loan Application**

Total study time: 2.5 clock hours

1. Important Information for All Loan Applications (5 minutes)
2. The Uniform Residential Loan Application (50 minutes)
3. Credit Reports and Credit Scores (10 minutes)

4. The Importance of Good Documentation (15 minutes)
5. Red Flags and Fraud (5 minutes)
6. The Loan Estimate (45 minutes)

This segment will outline both the standard loan application and the Loan Estimate disclosure. Students will also learn about credit scores and what to look out for when working with documents submitted by applicants to support their personal financial obligations.

At the end of this segment, students will be able to:

- demonstrate how to complete the form fields in the Uniform Residential Loan application.
- explain how credit scores impact an applicant's loan terms and how to read a credit report.
- outline points to look for when reviewing an applicant's supplemental documentation that might alert you to issues with loan approval.
- demonstrate how to complete the form fields in the Loan Estimate.

## **Segment 9: Processing and Underwriting**

Total study time: 30 minutes

1. Processing and Underwriting (10 minutes)
2. Appraisals (20 minutes)

Appraisals are often used to confirm that the property being used as collateral for the loan is adequate in case of borrower default. If the lender has to take the property and sell it, the property should be worth enough money for the lender to recoup its financial loss.

At the end of this segment, students will be able to:

- explain how an underwriter reviews a loan package and what is included within the package.
- describe the three approaches an appraiser will use when evaluating a property.
- distinguish a home inspection from an appraisal.

## **Segment 10: Closing**

Total study time: 2 clock hours

1. The Closing Disclosure (50 minutes)
2. Escrow (10 minutes)
3. Title Insurance (20 minutes)
4. Insurance, Escrow, and Servicing (20 minutes)

In this segment students will learn about the CFPB's Closing Disclosure. This form is in conjunction with the earlier Loan Estimate and discloses the final details of the approved loan to the borrower.

At the end of this segment, students will be able to:

- recognize the importance of the neutral escrow agent.
- identify each of the sections in the Closing Disclosure.
- react appropriately when a fee or charge exceeds the allowed tolerance limits.
- outline the different kinds of title insurance policies.

## **Segment 11: Financial Calculations**

Total study time: 30 minutes

1. Calculating Monthly Income (10 minutes)
2. Debt Ratios and Residuals (5 minutes)
3. Mortgage Prequalification (5 minutes)
4. Loan-to-Value Ratios (5 minutes)
5. Interest Rates (5 minutes)

Financial transactions naturally involve a lot of math calculations; the amount to be repaid monthly, how much interest a loan will accrue during its term, and so on. Students will also need to be able to take the income and debt values supplied by the loan applicant to determine if he or she will even meet the minimum qualifications for the loan being applied for.

At the end of this segment, students will be able to:

- calculate income amounts based on the applicant's pay periods and supplemental forms of revenue.
- determine an applicants debt-to-income ratios to qualify for various loan products.
- recognize the difference between a prequalification and a pre-approval.
- describe the formulas used to calculate the amount of interest in relation to time, the loan amount, and the interest rate.

## **Segment 12: Specific Loan Programs**

Total study time: 2 clock hours

1. FHA Loans (40 minutes)
2. VA Loans (20 minutes)
3. USDA Loans (10 minutes)

4. Reverse Mortgages (15 minutes)
5. Good Neighbor Next Door (15 minutes)
6. Conventional, Nonconforming, and Subprime Loans (10 minutes)
7. Interagency Guidance (5 minutes)
8. Adjustable Rate Mortgage (5 minutes)

There are a variety of loan programs available for applicants to qualify for. This segment will give students an overview of a variety of loan programs that borrowers can apply for.

At the end of this segment, students will be able to:

- explain the specialty loan programs available from the FHA, VA, HUD, and USDA.
- identify the standard conventional loan qualifications.
- name alternative mortgage products available to borrowers who have a higher risk of default.
- recognize how the interest rate on an adjustable rate loan is calculated.

### ***Hardware and Technical Requirements***

Students only need a computer with an internet connection. This course works on all modern browsers and operating systems including Microsoft Internet Explorer, Google Chrome, Mozilla Firefox, Apple Safari, and Opera. Students are responsible for internet service charges.

During live instructor sessions, students will be able to communicate with the instructor via online chat, hear the instructor through their computer speakers, or call into an audio conference using their telephones.

### ***Completion Requirements***

This is an online mastery-based course. Students must complete all reading course work and pass incremental assessments to make progress. Each incremental assessment (i.e., a quiz) requires a passing score of 70% and can be attempted as many times as required to pass the assessment.

Each course day, a section of the course will become available to students. Once finished for the day, the student must wait until the next course day for the next segment of the course to become available. This permits the students to move as a group through the course.

Completion of the course requires passing a final examination of 25 multiple choice questions with a minimum score of 70%. Students that fail a final exam may retake the final exam as many times as needed to pass. The course is expected to take approximately 20 clock hours to complete.

### ***Course Activities***

The course contains segments that include reading, live online instructor sessions, quizzes, and a final exam. Students are expected to interact with and complete all activities to make course progress.

Students will be provided with the course content online. Each section will provide an overview of the material followed by detailed content to help students better understand each lesson. Students will be tested at the end of each segment to determine if they are meeting the objectives and developing a working knowledge that will help them to successfully use what they are learning.

Live, online instructor sessions will be available on specific days of the course period. Students will be notified of the session dates and times at the beginning of the course. These times are subject to change based on class volume and instructor scheduling. Courses will generally have a live session planned every day at noon Pacific Time from Monday through Thursday.

### ***Testing and Completion Expectations***

Active participation is required. Each of the segments have a quiz at the end. The section exams require a 70% or higher score to proceed to the next section of the course. Tests are graded automatically upon student submission.

At the end of the course, a final exam is given. The final exam consists of 25 questions in multiple choice format. The student must score 70% or above to pass. Course credit will not be issued until the final exam has been successfully passed. Final exams may be retaken without limit if failed.

### ***Issuance of Credit***

After successfully passing the final exam, OnlineEd will notify the Nationwide Mortgage Licensing System (NMLS) that the mortgage loan originator pre-education has been completed by the student. It is OnlineEd policy to have credit uploaded to the NMLS by the end of the following business day.

The student will have a printable course completion certificate available after passing the course final exam. The certificate is for the student's personal records and is not confirmation that the NMLS has received the notification that the student has completed the course.

### ***Policies on Cheating and Misrepresentation***

Misrepresentation of personal identity is strictly forbidden for all OnlineEd courses. Falsifying personal information, forgery, and misrepresentation may result in immediate suspension. Additional actions by state and federal agencies may include loss or suspension of a license, failure to grant a license, fees, or criminal prosecution.

Cheating on courses that supply completion certificates, designations, or official credit is not tolerated. OnlineEd is not obligated to continue to furnish credit or continued support for students caught cheating on any part of the coursework or testing.

### ***Refund Policy***

All tuition and fees paid for the course are refundable when: (a) the course of instruction is discontinued by OnlineEd and such discontinuation has prevented a student from completing the course; or (b) the enrollment of the student was procured as a result of any misrepresentation in promotion materials of the school, or representation made by an owner or employee of the school. All refunds will be completed within 30 days after the effective date of enrollment termination. Refunds will not be given to any student after the student has successfully registered in a course or courses, as

once registered, student has access to the registered courses. In hardship cases, OnlineEd may issue a refund at its sole discretion. OnlineEd does not issue retroactive partial refunds for courses that are subsequently discounted or put on sale after a student makes a purchase

### ***Introduction to the Provider***

OnlineEd, Inc. is an NMLS approved course provider based in Portland, Oregon, and has been offering courses over the Internet since 1998.

#### **NMLS Provider ID: 1400327**

This course is developed and published by OnlineEd, Inc. Completion certificates and other school functions will also be handled by OnlineEd, Inc.

All of our teaching and instruction is done via the Internet and through our unique course management system. We actually write and publish our own course material for an exclusive online experience. All course materials are written by knowledgeable, experienced industry professionals and instructors.

#### **Contact information:**

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#### **Our Mission Statement**

“To provide superior distance education that exceeds industry standards and expectations in course content and delivery methods to those who seek to enter a new profession and those engaged in a profession.”