

8 Hour SAFE Comprehensive: 2020 Originator Essentials

Course Provider:

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

Version NMLS 2.4

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 pre-licensure 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 understand the CSBS Privacy Notice is applicable to these Rules of Conduct. The CSBS Privacy Notice can be found here:

[https://nationwidelicencingsystem.org/about/policies/NMLS%20Document%20Library/CSBS%20External%20Privacy%20Notice-6.18%20\(1\).pdf](https://nationwidelicencingsystem.org/about/policies/NMLS%20Document%20Library/CSBS%20External%20Privacy%20Notice-6.18%20(1).pdf)

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).

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Course Syllabus

Course Description

This course will instruct mortgage loan originators on a number of regulations that they will have to comply with while taking part in their mortgage loan origination activities. Rules, such as those implemented by the Dodd-Frank Wall Street Reform and Consumer Protection Act, are set in place to protect the interest and well-being of consumers who apply for mortgages to purchase or refinance their properties. To ensure that their business practices satisfy the regulations adopted by federal laws, mortgage loan originators need to keep current on the guidelines published by entities such as the Consumer Financial Protection Bureau (CFPB).

Topics and Learning Objectives

This course consists of four sections:

1. Federal Mortgage-Related Laws
2. Ethical Practices and Common Fraud Schemes
3. The Fannie Mae HomeStyle® Renovation Loan
4. Fair Housing in Today's Market

Total study time: 8 hours

Module 1: Federal Mortgage Related Laws

Study Time: 3 clock hours (150 minutes of federal law)

- The Truth in Lending Act (55 minutes)
- The Real Estate Settlement Procedures Act (20 minutes)
- The Equal Credit Opportunity Act (ECOA) (45 minutes)
- Privacy of Consumer Financial Information (GLBA) (20 minutes)
- E-Sign Act (10 minutes)

Each year, the NMLS receives feedback from various agencies on problems and errors occurring in the mortgage industry. This feedback is then incorporated into your annual continuing education requirements. This module will cover a variety of conduct issues related to federal laws that are among the most frequently cited by examiners as industry problems.

We'll first divulge into the Truth in Lending Act , 12 CFR 1026, and the common issues that examiners discovered. This includes topics such as the delivery timeframes of the Loan Estimate and Closing Disclosure, failing to make proper disclosures in good faith, and correctly curing fees that have

exceeded their tolerance limits.

Next we'll explore the Real Estate Settlement Procedures Act, 12 CFR 2024, and how it relates to mortgage loan origination. We'll look at who is exempt from RESPA and the regulation's provisions on kickbacks and unearned fees. Examiners noted that licensees may be charging third-party fees in excess of actual cost as well as failing to properly give borrowers a list of homeownership counseling services.

The Equal Credit Opportunity Act, 12 CFR 1002, is the next section of our 3-hour federal law section. ECOA makes it unlawful for creditors to discriminate based on gender or marital status. This federal law requires creditors to give appropriate notification of adverse actions taken against an applicant's loan application, which examiners discovered are not constantly being complied with.

Next, we'll move into consumer privacy protections under the Gramm-Leach-Bliley Act, 12 CFR 1016. This federal regulation requires financial institutions to give consumers privacy notices that explain its information sharing practices. Examiners are discovering that companies are not properly disclosing their privacy practices to consumers.

The last section of this module is a summary of the E-Sign Act, 15 USC 7001, that permits electronic signatures as legal signatures on documents. This regulation also outlines the requirements for electronic recordkeeping and storage, which examiners have discovered are not properly being consented to by consumers.

Module 1 Objectives

When you have completed this module, you will be able to:

- identify the required disclosures to be given to consumers under the Truth in Lending Act.
- define the fees that qualify or are exempt from the TILA definition of *finance charges*.
- describe the delivery time requirements for the Loan Estimate and the Closing Disclosure.
- list the tolerance limitations on certain fees and whether those charges are made in *good faith* by the creditor.
- identify advertisement *trigger terms* that require additional disclosures
- explain the steps a creditor will take to ensure the consumer has the ability to repay the transaction.
- paraphrase RESPA's regulations on prohibited kickbacks and unearned fees.
- reproduce the categories that creditors may and may not consider when evaluating the creditworthiness of an applicant.
- outline what actions under ECOA will require an adverse action notification disclosure to be sent to an applicant.
- describe a consumer's right to receive written items of valuation that were created in connection with their loan application.
- recognize a financial institution's responsibility to provide a clear and conspicuous notice to costumers regarding their privacy policies and practices.

- outline how consumers must give their consent to receive electronic versions of their records.

Module 2: Ethical Treatment of Consumers

Study Time: 2 clock hours (100 minutes of ethics, fraud, and consumer protection)

- Ethical Mortgage Lending Practices (50 minutes)
- Mortgage Fraud (50 minutes)

In this section we will review ethics in mortgage lending and how they affect the mortgage industry. We'll discuss ethical practices and consumer protection responsibilities of the mortgage loan originator, and outline various ethical standards as they relate to a compliance approach of ethical lending. This section will provide you with checklists of possible red flags of mortgage fraud.

The second half of this section will outline a variety of mortgage fraud schemes. Many of the cases outlined in this section cost millions of dollars in losses for lenders, resulted in property foreclosures, and caused stress for those who were victims of these schemes. Some of these dubious plans involved mortgage loan originators and others in the industry, while others were perpetrated by loan applicants who recruited unsuspecting buyers. Reviewing various types of fraud that occurred in our industry may help you recognize it if a suspicious application ever crosses your desk.

Module 2 Objectives

When you have completed this section, you will be able to:

- List and explain the fiduciary duties of a loan originator.
- Recognize unethical behavior in mortgage advertising, daily business, and processing of loans.
- List the various red flags to potential money laundering or fraud
- Identify specific types of mortgage fraud from case studies and examples.

Module 3: The Fannie Mae HomeStyle® Renovation Loan

Study Time: 2 clock hours (100 minutes of non-traditional mortgage)

The third module of this course is an overview of the Fannie Mae HomeStyle® Renovation home loan. This loan product allows borrowers to roll the cost of home renovations into the mortgage loan used to purchase the property. This is similar to the FHA 203(k) renovation loan program, but with several major differences.

Module 3 Objectives

When you have completed this module, you will be able to:

- Recognize the HSR qualifications for borrowers and property types
- Describe how a lender can apply with Fannie Mae to offer the HomeStyle Renovation loan
- Outline the steps necessary for a HomeStyle Renovation loan, from beginning to final inspection

- Utilize the Maximum Mortgage Worksheet to apply for a HomeStyle Renovation loan
- Compare the HSR loan to the FHA's 203(k), Streamlined 203(k), and Energy Efficient Mortgage

Module 4: Fair Housing in Today's Market

Study Time: 1 clock hour (50 minutes of elective topics)

All mortgage lenders and originators, and all others involved in mortgage lending, are subject to state and federal fair lending laws. To remain in compliance, everyone in the lending industry should fully understand these laws. In this module, we will cover fair housing laws designed to protect consumers, your company, and yourself from discriminatory lending practices. Specifically, we are going to explore relevant provisions of fair housing and take a look at a few issues found in fair housing law.

Module 4 Objectives

When you have completed this module, you will be able to:

- identify discriminatory practices in the mortgage industry,
- list the protected classes of individuals protected by fair housing, and
- define what is required to comply with fair lending in the mortgage industry.

NMLS ID Required

You must have an NMLS ID to receive credit for this course. You will need this number before you begin the course.

If you already have an NMLS ID but don't remember what it is:

- Login into NMLS
- Click on the **Composite View** tab.
- Click **View Individual** on the sub-header row.
- The number that appears in parentheses after your name is your NMLS ID number.

If you do not have an NMLS ID and need to obtain one, use the instructions available in the NMLS Resource Center:

<https://mortgage.nationwidelicensingsystem.org/licensees/resources/LicenseeResources/Create-an-Individual-Account-Quick-Guide.pdf>

Technical Requirements

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

Completion Requirements

This is an online mastery-based course. Students must complete all reading assignments, media activities, and pass incremental assessments to make progress.

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 8 clock hours to complete.

Course Activities

The course contains segments that include reading, videos, question knowledge checks, quizzes, and a final exam. Students are expected to interact 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 topic, followed by examples and interactive activities to help students better understand each lesson. Students will be tested throughout each section to determine if they are meeting the objectives of each section and developing a working knowledge that will help them to successfully use what they are learning.

Testing and Completion Expectations

Online, timed, and active participation is required to apply the learned material to case study material. Each of the four modules have section quizzes as well as short questions throughout each section. The section quizzes require an 80% or higher score to proceed on to the next level of the course. Tests are graded automatically upon student submission.

At the end of the 8 hour course, a final exam is given. The final exam consists of 25 questions in multiple choice format. The student must score 70% or above. 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 continuing 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 final exam.

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.

Breaks

Students are free to stop for a break at any time during the course for any length of time. Progress in the course is saved automatically. Breaks and periods of inactivity will not count towards the required seat time. Students will automatically be logged out after 6 minutes of inactivity and the inactive time will not count towards seat time.

Availability

This online course is available all day, every day after enrollment unless there is scheduled system maintenance. Courses are made available to students immediately upon purchase. Instructor and technical support are available during normal office hours of 9:00 am to 5:00 pm Pacific Standard Time on Monday through Friday, excluding holidays. Online access to this course is available for 365 days from the enrollment date unless stated otherwise.

If this course is not completed within the given amount of time, a reinstatement fee may be charged. Course content will continue to be available to students after course completion.

Instructor Support

NMLS policy states that online self-study courses (OSS) do not include instructor support. Technical support questions should be directed to OnlineEd, Inc.

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

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:

7405 SW Beveland Road
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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.”