

7 Hour SAFE Core: 2021 Originator Fundamentals

Course Provider:

OnlineEd, Inc.
7405 SW Beveland Road
Portland, OR 97223
1-866-519-9597
mail@onlineed.com
<https://www.onlineed.com>

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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://nationwidelicingsystem.org/about/policies/NMLS%20Document%20Library/CSBS%20External%20Privacy%20Notice-6.18%20\(1\).pdf](https://nationwidelicingsystem.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 three sections and a final exam

1. Federal Mortgage-Related Laws
2. Ethical Mortgage Advertisement Practices
3. Non-traditional Mortgage Products
4. Final exam

Total study time: 7 credit hours (5 hours, 30 minutes)

Module 1: Federal Mortgage Related Laws

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

- Equal Credit Opportunity Act (45 minutes)
- Truth in Lending Act (70 minutes)
- Miscellaneous Provisions (35 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 as mandated by the NMLS. 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 start this module covering the adverse action notice requirements of the Equal Credit Opportunity Act, 12 CFR 1002. Examiners are discovering that applicants are not receiving proper notification of adverse actions taken based on the information on their loan applications.

Next, we'll review several provisions of the the Truth in Lending Act. Specifically, we'll cover 12 CFR 1026.19 regarding proper disclosure of fees on the Loan Estimate and Closing Disclosure; 12 CFR 1026.25 regarding record keeping requirements; 12 CFR 1026.36 regarding the delivery of the special

information booklet and NMLS ID disclosure requirements; and 12 CFR 1026.38 regarding proper disclosure of settlement costs.

Lastly, we'll review several miscellaneous NMLS topics: adverse action notices under the Fair Credit Reporting Act (15 USC 1681(m)), the Department of Veterans Affairs VA Circular 26-14-10, consumer consent to receiving digital records under the ESIGN Act (15 USC 7001), and the reporting requirements under the Home Mortgage Disclosure Act (12 CFR 1003).

Module 1 Objectives

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

- Describe the requirements for adverse action notices under the Equal Credit Opportunity Act, 12 CFR 1002.9, and the Fair Credit Reporting Act, 15 USC 1681(m).
- Summarize VA Circular 26-14-10 that clarifies the VA's policy on fees.
- Explain the importance of obtaining written consent from consumers for electronic delivery of records under 15 USC 7001(c)(1).
- Generalize the information collected from consumers under the Home Mortgage Disclosure Act, 12 CFR 1003.
- Outline the record keeping requirements for the Closing disclosure, Loan Estimate, and compensation payments.
- Recognize that services that borrowers shopped for are required to be included on the Closing Disclosure.
- Describe the additional disclosure requirements when working with an adjustable-rate mortgage.
- Explain the good-faith requirements of disclosing fees within their allowed tolerance ranges and what occurs when fees exceed these tolerances.
- Name the requirements for providing borrowers with a written list of settlement service providers.
- Describe the need for documenting a valid change in circumstance when issuing a revised disclosure.
- Illustrate the importance of including the licensee's NMLS number on all relevant transaction documents.

Module 2: Ethical Mortgage Advertisement Practices

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

- The Mortgage Acts and Practices Advertising Rule (45 minutes)
- TILA and RESPA Advertising Rules (20 minutes)
- FTC Advertising Rules and Case Study (35 minutes)

This module is written with a focus on consumer protection. Most, if not all of the regulations of the mortgage and banking industry are implemented to protect the consumer. In this module you'll be provided with a better understanding of laws that protect consumers from untruthful mortgage advertising. Understanding what you can and cannot do in regard to advertising loan products is vital when dealing with the public and promoting your services. As an advocate for your customer it is up to you to be diligent in your understanding of the laws and regulations affecting our industry, how they affect you in your business, and how to adhere to them for compliance and consumer protection.

Module 2 Objectives

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

- Identify the CFPB's rules on mortgage advertising including the scope, definitions, and prohibited representations for mortgage loan promotional advertising.
- Give examples of statements used in mortgage lending advertising that might be in violation of the CFPB's advertising rules.
- Recognize the difference between the CFPB advertising rules and the rules set forth in the Truth in Lending Act.
- Describe the restrictions on kickbacks and referral fees outlined in RESPA, 12 CFR 1024.14.
- Explain the Federal Trade Commission's rules regarding advertised endorsements.
- Recognize the importance of consumer privacy protection rules by understanding the national Do Not Call registry and the CAN-SPAM Act.

Module 3: Non-traditional Mortgage Products

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

- The FHA 203(k) – A Program for Property Rehabilitation (30 minutes)
- Energy Efficient Mortgage Programs (45 minutes)
- Fannie Mae's HomeReady® Loan Program (25 minutes)

Besides a traditional conventional loan product, there are other options available when it comes to rehabilitating a home for purchase and refinance that may more perfectly fit the rehab loan needs of the borrower. This module will explain several non-traditional mortgage products, exploring other options available to borrowers such as the Federal Housing Administration's 203(k) property rehabilitation loan, four types of energy efficient mortgage products, and the Fannie Mae HomeReady® rehab loan product

Module 3 Objectives

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

- Describe the guidelines for the FHA 203(k) rehabilitation loan.
- Recognize the qualified improvement differences between the standard 203(k) and the limited 203(k).

- Paraphrase the benefits of energy efficient mortgages (EEMs).
- Review four EEM programs: the FHA EEM, the VA EEM, the Fannie Mae HomeStyle® Energy Mortgage, and the Property Assessed Clean Energy (PACE) Program.
- Outline Fannie Mae's HomeReady® Mortgage program.

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.nationwidelicingsystem.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 7 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 7-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
Portland, OR 97223
(503) 670-9278

<http://www.OnlineEd.com/>

mail@OnlineEd.com

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.”