

# SAFE Mortgage Loan Originator Test National Component with Uniform State Content Content Outline

(115 scored test questions; 10 unscored test questions)

**\*\*PLEASE READ CAREFULLY\*\***

## Legislative Updates

Legislative changes may occur throughout the test administration cycle. Candidates should answer test questions based on the statutes, regulations and rules in effect as of **October 3, 2015**.

Candidates are responsible for keeping abreast of changes made to the applicable statutes, regulations and rules regardless of whether they appear on this outline or the test.

## **I. Federal Mortgage-Related Laws (23%)**

- A. Real Estate Settlement Procedures Act (RESPA), Regulation X
- B. Equal Credit Opportunity Act (ECOA), Regulation B
- C. Truth-in-Lending Act (TILA): Regulation Z
  - 1. Home Ownership and Equity Protection Act (HOEPA Section 32)
  - 2. High Price Mortgage Law (HPML Section 35)
  - 3. Loan Originator Compensation
- D. TILA-RESPA Integrated Disclosure Rule (TRID)
- E. Other Federal laws and guidelines
  - 1. Home Mortgage Disclosure Act (HMDA)
  - 2. Fair Credit Reporting Act (FCRA)/Fair and Accurate Credit Transactions Act (FACTA)
  - 3. Privacy protection / Do Not Call
  - 4. FTC Red Flag rules
  - 5. Dodd-Frank
  - 6. Bank Secrecy Act/Anti-Money Laundering (BSA/AML)
  - 7. Gramm-Leach-Bliley Act – Privacy and FTC Safeguard Rules
  - 8. Mortgage Acts and Practices – Advertising (Regulation N)
  - 9. Electronic Signature in Global and National Commerce Act (E-SIGN Act)
  - 10. USA PATRIOT Act
  - 11. Homeowners' Protection Act
- F. Regulatory authority
  - 1. Consumer Financial Protection Bureau (CFPB)
  - 2. Department of Housing and Urban Development (i.e., HUD, related to fair lending and fair housing)

## II. General Mortgage Knowledge (23%)

- A. Qualified and Non-qualified Mortgage programs
  - 1. Conventional/conforming (e.g., Fannie Mae, Freddie Mac)
  - 2. Government (e.g., FHA, VA, USDA)
  - 3. Conventional/nonconforming (e.g., Jumbo, Alt-A)
    - a. Statement on Subprime Lending
    - b. Guidance on Nontraditional Mortgage Product Risk
    - c. Non-qualified mortgage (Non-QM)
- B. Mortgage loan products
  - 1. Fixed
  - 2. Adjustable
  - 3. Balloon
  - 4. Reverse mortgage
  - 5. Home equity (fixed and line of credit)
  - 6. Construction mortgage
  - 7. Interest-only
- C. Terms used in the mortgage industry
  - 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 and required information (e.g., 1003)
    - a. Borrower
    - b. Loan originator
    - c. Verification and documentation
  - 2. Suitability of products and programs
  - 3. Disclosures
    - a. Accuracy (e.g., tolerances)
    - b. Timing (e.g., Loan Estimate, Closing Disclosure, Homeownership Counseling Disclosure)
    - c. Delivery method (e.g., electronic, mail, face-to-face)
- 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)
    - f. Ability to repay
    - g. Tangible net benefit
  - 2. Appraisals

3. Title report
4. Insurance: hazard, flood, and mortgage (PMI, MIP)
- C. Closing
  1. Title and title insurance
  2. Settlement/Closing agent
  3. Explanation of fees
  4. Explanation of documents
  5. Funding
- D. Financial calculations used in mortgage lending
  1. Periodic interest
  2. Payments (principal, interest, taxes, and insurance; mortgage insurance, if applicable)
  3. Down payment
  4. Loan-to-value ratios
  5. Debt-to-income ratios
  6. Temporary and fixed interest rate buy-down (discount points)
  7. Closing costs and prepaid items
  8. ARMs (e.g., fully indexed rate)
  9. Qualified Mortgage monthly payment calculations

#### **IV. Ethics (16%)**

- A. Ethical issues related to federal laws
  1. Violations of federal law
  2. Prohibited acts
  3. Fairness in lending
  4. Fraud detection
  5. Advertising
  6. Predatory lending and steering
- B. Ethical behavior related to loan origination activities
  1. Financial responsibility
  2. Handling consumer complaints
  3. Company compliance
  4. Relationships with consumers
  5. Truth in marketing and advertising
  6. Consumer education
  7. General business ethics

#### **V. Uniform State Content (13%)**

- A. SAFE Act and CSBS/AARMR Model State Law
  1. Department of Financial Institutions or Mortgage Regulatory Commission
    - a. Regulatory authority
    - b. Responsibilities and limitations
  2. State Law and Regulation Definitions
  3. License Law and Regulation
    - a. Persons required to be licensed

- b. Licensee qualifications and application process
  - c. Grounds for denying a license
  - d. License maintenance
  - e. NMLS requirements
4. Compliance
- a. Prohibited conduct and practices
  - b. Required conduct
  - c. Advertising

## National Component with Uniform State Test Reference List

**NOTE: The following is a list of the sources used in the development of the National Component with Uniform State Content. It is not intended to be an all-inclusive list, but may be used as a guide in preparing to take the test.**

- 12 USC 2601 – REAL ESTATE SETTLEMENT PROCEDURES ACT (RESPA)  
<http://www.federalreserve.gov/boarddocs/supmanual/cch/200601/respa.pdf>
- 12 CFR 1024 – RESPA (REG X)
  - o [http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&SID=b26a58aac204931ff0e1f078187bd52&tpl=/ecfrbrowse/Title12/12cfr1024\\_main\\_02.tpl](http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&SID=b26a58aac204931ff0e1f078187bd52&tpl=/ecfrbrowse/Title12/12cfr1024_main_02.tpl)
- 12 CFR 1002 – EQUAL CREDIT OPPORTUNITY ACT - ECOA (REGULATION B)
  - o [http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&sid=42e4972f92e85003517c9dc4c0f45d9f&tpl=/ecfrbrowse/Title12/12cfr1002\\_main\\_02.tpl](http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&sid=42e4972f92e85003517c9dc4c0f45d9f&tpl=/ecfrbrowse/Title12/12cfr1002_main_02.tpl)
- 12 CFR 1026 – TRUTH-IN-LENDING ACT (TILA - REG Z)
  - o [http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&SID=b26a58aac204931ff0e1f078187bd52&tpl=/ecfrbrowse/Title12/12cfr1026\\_main\\_02.tpl](http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&SID=b26a58aac204931ff0e1f078187bd52&tpl=/ecfrbrowse/Title12/12cfr1026_main_02.tpl)
  - o [http://files.consumerfinance.gov/f/201305\\_compliance-guide\\_home-ownership-and-equity-protection-act-rule.pdf](http://files.consumerfinance.gov/f/201305_compliance-guide_home-ownership-and-equity-protection-act-rule.pdf)
  - o [http://files.consumerfinance.gov/f/201401\\_cfpb\\_tila-hpml-escrow\\_compliance-guide.pdf](http://files.consumerfinance.gov/f/201401_cfpb_tila-hpml-escrow_compliance-guide.pdf)
  - o <http://www.consumerfinance.gov/regulations/loan-originator-compensation-requirements-under-the-truth-in-lending-act-regulation-z/>
- 12 CFR 1024 1026 – INTEGRATED DISCLOSURES UNDER RESPA (Reg X) AND TILA (Reg Z)
  - o <http://www.consumerfinance.gov/regulatory-implementation/tila-respa/>
- 12 CFR 1003 – HOME MORTGAGE DISCLOSURE (REGULATION C)
  - o [http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&sid=5a2687a89ec1dbb103ae7c3c1349c4ce&tpl=/ecfrbrowse/Title12/12cfr1003\\_main\\_02.tpl](http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&sid=5a2687a89ec1dbb103ae7c3c1349c4ce&tpl=/ecfrbrowse/Title12/12cfr1003_main_02.tpl)
- 12 CFR 1022 – FAIR CREDIT REPORTING (REGULATION V)
  - o [http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&SID=b26a58aac204931ff0e1f078187bd52&tpl=/ecfrbrowse/Title12/12cfr1022\\_main\\_02.tpl](http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&SID=b26a58aac204931ff0e1f078187bd52&tpl=/ecfrbrowse/Title12/12cfr1022_main_02.tpl)
- 15 USC 1681 et seq. – FAIR CREDIT REPORTING ACT
  - o <http://www.ftc.gov/os/statutes/031224fcra.pdf>
- 12 CFR 1016 – PRIVACY OF CONSUMER FINANCIAL INFORMATION (REGULATION P)
  - o [http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&SID=b26a58aac204931ff0e1f078187bd52&tpl=/ecfrbrowse/Title12/12cfr1016\\_main\\_02.tpl](http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&SID=b26a58aac204931ff0e1f078187bd52&tpl=/ecfrbrowse/Title12/12cfr1016_main_02.tpl)
- 15 USC 6101 et seq. DO NOT CALL – TELEMARKETING AND CONSUMER FRAUD AND ABUSE PREVENTION ACT
  - o <http://www.ftc.gov/ogc/stat3.shtm>
- 15 USC 6151 – DO NOT CALL
  - o <http://www.gpo.gov/fdsys/pkg/USCODE-2010-title15/pdf/USCODE-2010-title15-chap87A-sec6151.pdf>
- 47 CFR 64.1200 – SUBPART L RESTRICTIONS ON TELEMARKETING, TELEPHONE SOLICITATION AND FACSIMILIE ADVERTISING
  - o <http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&rgn=div6&view=text&node=47:3.0.1.1.11.12&idno=47>
- 16 CFR 310 – TELEMARKETING SALES RULE
  - o [http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&SID=f4ce3f73377f7eefc5905eeff59b39d1&tpl=/ecfrbrowse/Title16/16cfr310\\_main\\_02.tpl](http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&SID=f4ce3f73377f7eefc5905eeff59b39d1&tpl=/ecfrbrowse/Title16/16cfr310_main_02.tpl)
- 16 CFR 313 – Privacy of Consumer Financial Information
  - o [http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&SID=f4ce3f73377f7eefc5905eeff59b39d1&tpl=/ecfrbrowse/Title16/16cfr313\\_main\\_02.tpl](http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&SID=f4ce3f73377f7eefc5905eeff59b39d1&tpl=/ecfrbrowse/Title16/16cfr313_main_02.tpl)

- 16 CFR 681 – IDENTITY THEFT RULES
  - o <http://www.ecfr.gov/cgi-bin/text-idx?SID=a4c947bc3f00acae9951494b85c60a3f&mc=true&node=se16.1.681.11&rgn=div8>
- Summary of the Dodd-Frank Wall Street Reform Consumer Protection Act
  - o [http://www.banking.senate.gov/public/ files/070110\\_Dodd\\_Frank\\_Wall\\_Street\\_Reform\\_comprehensive\\_summary\\_Final.pdf](http://www.banking.senate.gov/public/ files/070110_Dodd_Frank_Wall_Street_Reform_comprehensive_summary_Final.pdf)
- 31 CFR 1029.320 – Rules for Loan or Finance Companies (AML Rules)
  - o <http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&SID=f4ce3f73377f7eefc5905eeff59b39d1&rgn=div8&view=text&node=31:3.1.6.1.13.3.5.4&idno=31>
- 15 USC 6801-6809 – GRAMM-LEACH-BLILEY ACT
  - o <http://www.ftc.gov/privacy/glbact/glbsub1.htm>
- 12 CFR 1014 – MORTGAGE ACTS AND PRACTICES - ADVERTISING (REGULATION N)
  - o [http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title12/12cfr1014\\_main\\_02.tpl](http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title12/12cfr1014_main_02.tpl)
- USA PATRIOT Act
  - o [http://www.fincen.gov/statutes\\_regs/patriot/](http://www.fincen.gov/statutes_regs/patriot/)
- Homeowners Protection Act
  - o <http://uscode.house.gov/view.xhtml?path=/prelim@title12/chapter49&edition=prelim>
- 4506-T – Request for Transcript of Tax Return
  - o <http://www.irs.gov/pub/irs-pdf/f4506t.pdf>
- Consumer Fact Sheet for Home Equity Conversion Mortgages
  - o [http://portal.hud.gov/hudportal/documents/huddoc?id=DOC\\_13006.pdf](http://portal.hud.gov/hudportal/documents/huddoc?id=DOC_13006.pdf)
- The Federal Housing Administration (FHA)
  - o [http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/housing/fhahistory](http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/fhahistory)
- FHA Mortgage Limits
  - o <https://entp.hud.gov/idapp/html/hicostlook.cfm>
- VA Purchase & Cash Out Refinance Home Loans
  - o <http://benefits.va.gov/HOMELOANS/purchasecashout.asp?expandable=0&subexpandable=0>
- FHA Handbook 4155.1
  - o [http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/administration/hudclips/handbooks/hsgb/4155.1](http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/handbooks/hsgb/4155.1)
- FHA Requirements: Mortgage Insurance
  - o [http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/housing/comp/premiums/premhome](http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/comp/premiums/premhome)
- Consumer Finance Protection Bureau (CFPB)
  - o <http://www.consumerfinance.gov/regulations/>
  - o <http://www.consumerfinance.gov/guidance/>
- CFPB Ability to Repay and Qualified Mortgage Standards
  - o <http://www.consumerfinance.gov/regulations/ability-to-repay-and-qualified-mortgage-standards-under-the-truth-in-lending-act-regulation-Z/>
  - o CFPB: Balloon Loan  
<http://www.consumerfinance.gov/askcfpb/104/what-is-a-balloon-loan.html>
  - o CFPB: Construction Loan  
<http://www.consumerfinance.gov/askcfpb/108/what-is-a-construction-loan.html>
  - o CFPB: Loan to Value Ratio  
<http://www.consumerfinance.gov/askcfpb/121/what-is-a-loan-to-value-ratio-and-how-does-it-relate-to-my-costs.html>
  - o CFPB: Private Mortgage Insurance  
<http://www.consumerfinance.gov/askcfpb/122/what-is-private-mortgage-insurance-how-does-pmi-work.html>

- o CFPB: Interest Rate and APR  
<http://www.consumerfinance.gov/askcfpb/135/what-is-the-difference-between-an-interest-rate-and-an-apr.html>
- o CFPB: Discount Points  
<http://www.consumerfinance.gov/askcfpb/136/what-are-discount-points-or-points.html>
- o CFPB: Right to Rescind  
<http://www.consumerfinance.gov/askcfpb/187/how-long-do-i-have-to-rescind-when-does-the-right-of-rescission-start.html>
- o CFPB: Mortgage Payments  
<http://www.consumerfinance.gov/askcfpb/197/is-there-any-reason-my-mortgage-payment-would-change-over-the-life-of-my-loan.html>
- o CFPB: Property or Flood Insurance  
<http://www.consumerfinance.gov/askcfpb/201/do-i-ever-have-to-buy-property-or-flood-insurance-from-my-lender.html>
- Consumer Handbook on Adjustable-Rate Mortgages  
o [http://files.consumerfinance.gov/f/201204\\_CFPB\\_ARMs-brochure.pdf](http://files.consumerfinance.gov/f/201204_CFPB_ARMs-brochure.pdf)
- The Electronic Signatures in Global and National Commerce Act (E-Sign Act)  
o <https://www.fdic.gov/regulations/compliance/manual/pdf/X-3.1.pdf>
- Fannie Mae  
o <http://www.fanniemae.com/portal/about-us/governance/our-charter.html>  
o <https://www.fanniemae.com/singlefamily/loan-limits>  
o <https://www.fanniemae.com/content/guide/sel063015.pdf>
- Federal Financial Institutions Examination Council (FFIEC) - The Detection and Deterrence of Mortgage Fraud Against Financial Institutions  
o [http://www.ffiec.gov/exam/Mtg\\_Fraud\\_wp\\_Feb2010.pdf](http://www.ffiec.gov/exam/Mtg_Fraud_wp_Feb2010.pdf)
- Freddie Mac  
o <http://www.freddie.com/sell/guide/>
- FTC: Real Estate Marketplace Glossary  
o <http://www.ftc.gov/sites/default/files/documents/one-stops/real-estate-competition/realestateglossary.pdf>
- HUD: Interim Financing Costs  
o <http://www.hud.gov/offices/cpd/affordablehousing/training/web/underwriting/developcosts/interimcosts.cfm>
- CSBS/AARMR Guidance on Nontraditional Mortgage Product Risks  
o [http://www.csbs.org/regulatory/policy/policy-guidelines/Documents/CSBS-AARMR\\_FINAL\\_GUIDANCE.pdf](http://www.csbs.org/regulatory/policy/policy-guidelines/Documents/CSBS-AARMR_FINAL_GUIDANCE.pdf)
- Title V – S.A.F.E. Mortgage Licensing Act  
o <http://mortgage.nationwidelicencingsystem.org/SAFE/NMLS%20Document%20Library/SAFE-Act.pdf>
- State Model Language for Implementation of Public Law 110-289, Title V—S.A.F.E. Mortgage Licensing Act  
o <http://mortgage.nationwidelicencingsystem.org/SAFE/NMLS%20Document%20Library/MSL-Final.pdf>
- 12 CFR 1008-- S.A.F.E. MORTGAGE LICENSING ACT—STATE COMPLIANCE AND BUREAU REGISTRATION SYSTEM (REGULATION H)  
o [http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&sid=26a32455b3ada0bc6802a9bf26e871e9&tpl=/ecfrbrowse/Title12/12cfr1008\\_main\\_02.tpl](http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&sid=26a32455b3ada0bc6802a9bf26e871e9&tpl=/ecfrbrowse/Title12/12cfr1008_main_02.tpl)