Appendix
Page 326, Chapter 3 Quiz Answer Key

13. **A. most recent two months of bank statements** - A “complete application” is defined as the receipt of a borrower’s name, social security number(s), gross monthly income, the subject property address, the loan amount, and an estimate of value of the subject. A MLO is prohibited from collecting documents that verify the information related to the application before providing the Loan Estimate.

**Updates / Revisions 01.08.16**

Chapter 8
Page 163, 8.3 Apply Your Knowledge

<table>
<thead>
<tr>
<th></th>
<th>Start / Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Index</td>
<td>4.5%</td>
<td>6.5%</td>
<td>4%</td>
<td>7%</td>
<td>8%</td>
</tr>
<tr>
<td>Fully Indexed Rate (Index + 3%)</td>
<td>7.5%</td>
<td>9.5%</td>
<td>8.5%</td>
<td>7%</td>
<td>6%</td>
</tr>
<tr>
<td>Borrower Interest Rate w/Caps</td>
<td>4% (start)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Monthly Payment (P&amp;I only)</td>
<td>$536.82</td>
<td>$804.62</td>
<td>$665.30</td>
<td>$804.62</td>
<td>$877.57</td>
</tr>
</tbody>
</table>

Chapter 13

Page 267, 15-Year Mortgage Loans

Lenders often give a borrower a better interest rate on a 15-year mortgage because the shorter term means less risk for the lender. Over the life of the mortgage, the total interest paid on a 15-year, fixed rate mortgage is about one-third **one-half less** than a 30-year mortgage at the same interest rate. An added benefit is that the borrower can attain full ownership in half the time it takes to pay off a 30-year mortgage.
Page 267, By-Weekly Payment Plan
A mortgage with a bi-weekly payment plan is a version of a fixed rate mortgage set up like a standard 30-year conventional loan, which calls for regular monthly payments determined by a monthly payment amortization schedule, but for which payments are made every two weeks instead of once a month. Loans with bi-weekly payment structures are usually paid off in about 22.3 years, instead of 30 years. Loans with bi-weekly payment structures are usually paid off in about 22 to 26 years, instead of 30 years, depending on the interest rate charged. The higher the interest rate, the lower the repayment term of a loan, when utilizing a bi-weekly payment plan.

Updates / Revisions 01.14.16

Chapter 7
Page 151, Quiz, #6
6. The up-front guarantee fee for a Section 502 loan is
   A. 1.0%.
   B. 2.0%.
   C. 2.15% 2.75%.
   D. 3.5%.

Appendix/Answer Keys
Page 332, Chapter 7 Quiz, #6
6. B. 2.0% C. 2.75%. - As mandated by the USDA, the up-front guarantee fee is 2.0% 2.75%. This amount may be paid in cash or added to the loan amount.

Updates / Revisions 02.03.16

Chapter 3
Page 62, Instructor Answer Key, 3.9 Apply Your Knowledge

Discussion Questions:

1. What dollar amount must be shown on the Loan Estimate on page 2, Section A “Origination Charges”?
   The combined amounts of the broker fees ($2,600) and the wholesale lender administration fee ($1,000) for a total fee of $3,600.
2. If the mortgage broker is unsuccessful at obtaining approval with the first lender and submits the loan file to a second lender whose administration fee is $1,200, what can the broker do about the fee increase?

   The mortgage broker may not increase the origination charge fee once it has been disclosed to the borrower and accepted. The increase of this fee does not qualify as an acceptable changed circumstance.

3. If the dollar amounts shown on the Closing Disclosure for items listed in Section B of the “Loan Costs” page 2 total $4,625, what is the maximum amount for these charges that can be shown on the Closing Disclosure on page 2, Section B?

   The closing costs shown in Section B of the Closing Disclosure have zero tolerance for change, therefore the maximum amount for these charges to the borrower is $4,625.

4. If the actual fees charged on the Closing Disclosure for items listed in Section B of the “Loan Costs” page 2 total $6,000, what must the mortgage broker do?

   The mortgage broker must pay a tolerance cure of $1,375 at closing or within 60 days of consummation because no increase is allowed on Section B fees at consummation.

Updates / Revisions 04.19.16

Chapter 3
Page 37, Your Home Loan Toolkit—Replaces the HUD Special Information Booklet
Paragraph 2, line 2

   The updated Toolkit is designed to be used in connection with the new Loan Estimate and Closing Disclosure forms that will be effective October 3, 2015. Creditors must provide the Toolkit to mortgage applicants as part of the application process.

PPT Presentation: Slide 22

   • After October 3, 2015, the Your Home Loan Toolkit will replace the Special Information Booklet due to the TILA-RESPA Integrated Disclosure rule.
Chapter 5
Page 116, New Guidelines for Registered Loan Originators (PPT Presentation Slides 38-39)

New Guidelines for Registered Loan Originators

3. Provide (for any originator hired after January 10, 2014) [see 12 CFR, Part 1008, S.A.F.E. Mortgage Licensing Act (Regulation H) §1008.105]:

Chapter 6
Page 62, Mortgage Loan Originator Test (PPT Presentation Slide 13)

Bullet points

The national component covers the following topics:

- Federal mortgage-related laws (25%) (23%)
- General mortgage knowledge (21%) (23%)
- Mortgage loan origination activities (21%) (25%)
- Ethics (15%) (16%)
- Uniform State Content (UST) (18%) (13%)

Chapter 7
PPT Presentation Slide 10

2nd bullet point

MLOs making single-family FHA loans will become very familiar with the FHA Single Family Housing Policy Handbook 4000.1

– This handbook became effective on September 14, 2015, replacing and superseding previous manuals such as the FHA Manual 4155.1 and previously published Mortgage Letters

PPT Presentation Slide 13

Last line

Lenders must cite a compensating factor when FHA's qualifying ratios for total mortgage payment-to-income and total fixed payment-to-income are exceeded.1

1HUD Handbook 4000.1.II.A.5.d.ix

PPT Presentation Slide 18

HUD Handbook 4000.1.II.A.5.d.viii establishes for manually underwritten loans a maximum front-end ratio and maximum back-end ratio that may not be exceeded based on the credit score

PPT Presentation Slide 29
citation

HUD Handbook 4000.1.I.B.4.a.i.(C)
HUD Handbook 4000.1 APPENDIX 1.0

Chapter 7
PPT Presentation Slides 41, 42
Removed effective dates

Slide 41:
- Effective January, 2014

Slide 42:
- Effective March 2, 2015