

# *Mortgage Loan*

## *Originator*

# **REFRESHER**



HONDROS LEARNING™  
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# PREFACE

**A** mortgage loan is one of the biggest financial commitments a person will make in his or her lifetime. Because of this, mortgage professionals must be knowledgeable, ethical, and customer focused when it comes to providing home loans. To acknowledge this important responsibility, on July 30, 2008, the **Housing and Economic Recovery Act (HERA) of 2008** was signed into law by President George W. Bush, marking a significant component of mortgage reform. Title V of HERA is better known as the **Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (SAFE Act)**. It establishes national minimum standards for mortgage training, including prelicensing and annual continuing education. Furthermore, under the SAFE Act, all mortgage loan originators (MLOs) must be either state-licensed or federally registered. All mortgage loan originators seeking state-licensure—or currently holding a state license—are required to pass the SAFE Mortgage Loan Originator Test, which includes a national component and may have a state-specific component.

The SAFE Act requires all states to implement a Mortgage Loan Originator (MLO) licensing process that meets certain standards through the **Nationwide Mortgage Licensing System & Registry (NMLS)**. The NMLS, which was started in 2004 by the Conference of State Bank Supervisors (CSBS) and the American Association of Residential Mortgage Regulators (AARMR), is responsible for providing a centralized and standardized system for mortgage licensing that accommodates both the regulatory agencies and the mortgage industry. The NMLS online system was built and is maintained by the Financial Industry Regulatory Authority (FINRA), who operates similar systems in the securities industry.

The NMLS website contains valuable comprehensive information for all mortgage loan originators, including specific details about the steps necessary to set up an account, schedule a test appointment, and access state-specific requirements: [www.stateregulatoryregistry.org/NMLS](http://www.stateregulatoryregistry.org/NMLS)

You may also contact the NMLS Call Center at **240-386-4444**.

## Using This Text

This *Mortgage Loan Originator Refresher*<sup>™</sup> continuing education course is intended to serve as a refresher for all mortgage loan originators, whether experienced or new. It includes topics as required by the SAFE Act: Federal lending legislation (3 hrs), ethics (2 hrs), and nontraditional mortgage products (2 hrs). It also presents a high level review of key terms and concepts associated with mortgage origination activities in general (1 hr).

## Preface

### Course Objectives

Upon completion of this course, you will be able to:

- Define the purpose and provisions of the SAFE Act.
- Identify the disclosure requirements of RESPA and TILA.
- Describe the use of the new Good Faith Estimate and HUD-1 Settlement Statement.
- Recognize triggers for a high-cost loan and higher priced loan.
- Identify provisions of key mortgage-related federal law.
- Define nontraditional loan products.
- Compare and contrast conventional loans and nontraditional loans.
- Identify the elements in an adjustable rate mortgage.
- Describe provisions of reverse mortgages.
- Explain how a temporary buydown plan works.
- Recall TILA provisions related to advertising.
- Discuss consumer protection provisions of federal law.
- List the protected classes under federal law.
- Describe the participants in mortgage fraud schemes.
- Recognize indicators of predatory lending.
- Recall key elements of various loan origination activities.

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