

## 7 Hour SAFE Core: Essentials

### Course Syllabus

#### Course Overview

Welcome to the 7 Hour SAFE Core: Essentials course. In this document, you will learn about the scope of the course, as well as administrative specifics, such as grading and certificates.

#### Course Purpose:

The 7 Hour SAFE Core: Essentials course is designed to meet NMLS continuing education requirements.

#### Course Description:

The 7 Hour SAFE Core: Essentials course meets SAFE Act continuing education requirements for licensed entities through analysis and introspection of ethical behavior, compliance essentials covered in the federal laws component and the nontraditional lending component provides an overview of the Veteran's Administration (VA) lending program.

In the 3-hour federal laws component of the course, our comparison of fair lending regulations and the role they play in mortgage lending provides a foundation for compliance. The component includes review of the Fair Housing Act, the Equal Credit Opportunity Act, the Fair Credit Reporting Act as well as the Truth-in-Lending Act, and Real Estate Settlement Procedures Act. The ethics component provides ethical mortgage scenarios to reinforce expected behaviors essential to federal compliance while highlighting personal responsibility. Recognizing and embodying ethical behavior by defining ethics and examining our own values and beliefs. The component explores both personal and business ethics. Finally, the nontraditional component explores VA lending, including programs, borrower eligibility, and property eligibility.

#### Course Objectives:

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

##### **3 Hour Federal Law: Fair Housing Act, Equal Credit Opportunity Act, Fair Credit Reporting Act and TILA/RESPA (155 minutes)**

- Explore the Fair Housing Act to prevent discrimination in mortgage lending (45 minutes)
- Explain the Equal Credit Opportunity Act's requirements for lender notifications and interactions with customers (50 minutes)
- Detail the purpose of the Fair Credit Reporting Act including the duties that a business has toward consumers and their credit information (40 minutes)
- Review important safeguards of the Truth-in-Lending Act (TILA) and the Real Estate Settlement Procedures Act (RESPA) (10 minutes)
- Case Studies (10 minutes)

##### **2 Hour Ethics: Ethical Practices (100 minutes)**

- Introduction to ethics (50 minutes)
- MLO ethical responsibilities (50 minutes)

##### **2 Hour Nontraditional: Veteran's Administration Home Loan Program (100 minutes)**

- Identify the benefits of VA loans (25 minutes)
- Calculate the maximum mortgage amount under various circumstances (30 minutes)
- Identify the income requirements and standards for VA home loans (20 minutes)
- Recognize the basics of VA credit and property standards (25 minutes)

## Course Outline:

### Introduction

#### **3 Hour Federal Law: Fair Housing Act, Equal Credit Opportunity Act, Fair Credit Reporting Act, Truth-in-Lending Act, and the Real Estate Settlement Procedures Act**

- Module 1 – Fair Housing Act (FH Act)
  - Introduction
    - Section 1: Fair Housing Overview
      - Fair Housing Act Protected Traits
      - Distinctions between FHA and ECOA
      - Discrimination Defined
      - Proving Discrimination
      - Types of Discrimination
    - Section 2: Fair Housing Act Violations
      - Mortgage lenders discriminating against minorities
      - Marquette Study Commentary
      - Parenting Scenario
      - Three Examples of Discrimination
      - Discrimination in the News
      - Self-Testing and Detection of Discrimination
      - Remedies
      - Case Study
      - Fair Housing Act FAQs
    - Module Summary and Quiz
- Module 2 – Equal Credit Opportunity Act (ECOA)
  - Section 1: Introduction
    - Introduction
    - Applicability
    - Review
  - Section 2: Application or Inquiry
    - Inquiry
    - Application
    - When an Inquiry Becomes an ECOA Application
    - Triggering ECOA
    - Keeping an Inquiry and Inquiry
    - Scenarios
    - Review
  - Section 3: Prohibited Practices
    - Discouraging Applicants
    - Delaying the Loan
    - Different Information
    - Failure to Explain
    - Marital Status
    - Individual Application
    - Income Sources
    - Review
  - Section 4: ECOA Notice Requirements

- Notice Requirements
- Approved Applications
- Completed Application
- Denied Application
- Adverse Action
- Counteroffers
- Incomplete Application
- Withdrawn
- Approved not Accepted
- Documenting the Loan File
- Broker Scenarios
- Notification Requirements
- Review
- Activity
- Section 5: Lender Responsibilities
  - Responsibilities
  - Best Practices
  - Self-Testing
  - Enforcement and Liability
  - Reason to Believe
  - Pattern or Practice
  - Scenarios
  - Review
- Summary and Quiz
- Module 3 – Fair Credit Reporting Act (FCRA)
  - Section 1: Introduction
    - Who FCRA Affects
    - Complaint Handling
    - Civil Liabilities and Penalties
    - Civil Remedies
    - Correcting Credit Information
    - Penalties
    - Willful and Negligent non-compliance
    - Class Actions
    - Examples
  - Section 2: Credit Score Factors
    - What is a Credit Score?
    - Credit Scoring
    - Range and Risk
    - FICO Scores
    - What Makes Up the Score
    - Negative Impact on Score
    - How Scores are Improved
    - Review
  - Section 3: Credit Reports
    - Credit Reporting Agencies
    - Types of Credit Reports
  - Section 4: Duties of Businesses Toward Consumer

- CRA duties
- Mortgage lender duties
- Consumer obligations
- Qualified Written Request
- Disposal Rule
- Summary and Quiz
- Module 4 – Truth-in-Lending Act and Real Estate Settlement Procedures Act (TILA/RESPA)
  - Section 1: The Loan Estimate
    - Forms and Timing
    - Early Disclosure
    - The Waiting Period
    - Denied or Withdrawn Applications
    - Limited Increase on Certain Charges
  - Section 2: Tolerance Variations
    - Tolerance Variations and the GFE
  - Section 3: Changes
    - Six Circumstances
    - Cure
    - Review

## **2 Hour Ethics: Ethical Practice and Lender Responsibilities**

- Module 1: Introduction to Ethics
  - Section 1: Personal and Business Ethics
    - Introduction to Ethics
    - Personal Ethics
    - Values
    - Business Ethics
    - Costs of Unethical Business Practices
    - Summary
  - Section 2: Ethics in the Mortgage Industry
    - Mortgage Regulations and Laws
    - Housing and Economic Recovery Act
    - S.A.F.E. Act
    - Fair Lending Laws
    - MLO Ethics and Scenario
    - MLO Scenario
    - Underwriter Ethics
    - Appraiser Engagement and Scenario
    - Predatory Loan Servicing
    - Loan Modifications
    - Mortgage Fraud
  - Module Summary and Quiz
- Module 2: Lender Responsibilities
  - Comply with Fair Lending Lawes
  - Provide Communication and Training
  - Provide Same Level of Assistance
  - Guard Against Discrimination
  - Types of Discrimination

- Ability to Repay (ATR)
- Ethics and the Elderly
- Recognize Diminished Mental Capability
- Recognize Signs of Coercion
- Case Study – Financial Abuse of the Elderly
- Monitoring Lending Practices
- Self-Testing
- Correcting Institutional Policies or Procedures
- Adjust Marketing Strategy
- Case Study – Refinancing
- Module Summary and Quiz

## **2 Hour Nontraditional: Veterans Administration (VA) Home Loan Program**

- **Module 1 – VA Home Loan Benefits**
  - Program Options
  - Lender Benefits
  - Introduction to Eligibility
  - Summary and Quiz
- **Module 2 – Maximum Mortgage Amount**
  - About Entitlement
  - Calculating the Loan Amount
  - Maximum Loan Amounts
  - Funding Fee
  - Examples and Scenarios
  - Summary and Quiz
- **Module 3 – Income Requirements**
  - General Requirements
  - Income Analysis
  - Qualifying Ratio
  - Residual Income
  - Summary and Quiz
- **Module 4 – VA Underwriting Standards**
  - Credit History Obligations
  - Analyzing Debt
  - CAIVRs
  - Case Study
  - Summary and Quiz

Final Assessment: 20 minutes

### **Required Course Materials:**

All materials required for the course are contained within the learning management system or provided via links within the course. No other materials are required. This course does not have to be completed in one sitting, but it is recommended for your learning retention that each component of the course be completed in one sitting. If you begin the course and you are timed out due to six minutes of inactivity, you will be returned to the first page of the unit of instruction within the module. If you begin the course and choose to leave the course you may re-access

the course at any time without starting from the beginning. When re- entering the course, you will be asked if you would like to continue where you left off, simply answer OK to continue through the material. You must have pop-ups enabled and toolbars disabled. You may review any course materials you have already completed by using the navigation tools located in the course, menus and course index page. You must have Adobe Reader to view the supplemental materials/handouts in the course.

### Final Course Assessment

After completing the course materials, you will need to pass a multiple-choice assessment. You must receive a score of 70% or better to pass.

### Instructor(s) Background:

This course does not have an instructor. This course was developed through content contributions from Diane Erbeznik, Michael James, Brian Short, Katherine Z. Jones, and Michelle Tangen.

### Instructor Biographies:

**Diane Erbeznik** has more than 20 years of residential mortgage regulatory compliance experience, as well as secured and unsecured consumer lending. She has worked for top national lenders including Wells Fargo and First Union (The Money Store), regional banks including Bank of Hawaii and Washington Mutual, and is currently First Vice President/Regulatory Control Manager within Consumer Fair and Responsible Banking for a southeast regional bank. She received a Bachelor of Science degree in Business Management from the University of Phoenix. In addition, she is an active member of the American Bankers Association and has earned the Certified Regulatory Compliance Manager (CRCM) professional certification. She is also an active member of the National Association of Legal Assistants and has earned the Certified Legal Assistant (CLA) professional certification.

**Michael James** is currently the County Manager for Alleghany County, North Carolina, about an hour outside Winston-Salem. He manages most county departments including economic development, affordable housing and veteran's opportunities as well as serving as the Zoning Administrator. He has over 20 years of consumer lending and mortgage banking experience. At various points in his career, he has managed each cog of the mortgage supply chain: sales, underwriting, processing, closing, secondary marketing and training and development. He has been instructing with AllRegs/Ellie Mae since February of 2011.

**Brian Short** has been a leader in the mortgage industry since 1998 as a loan originator, branch manager, mortgage company owner and a bank Assistant Vice President. He is Tennessee's first nationally certified mortgage professional and is the past President of the Tennessee Association of Mortgage Professionals (TNAMP) where he is currently the Executive Director.

Brian is a Sr. Mortgage Banker and Branch Manager located in Nashville, TN. He is actively involved in legislative and regulatory affairs at the state and national level and has been teaching professional mortgage education since 2001.

Brian's undergraduate degree is in Business Management from Kansas State University and he has completed two Master's Degrees. He taught for several years at the university level in Taiwan and in Missouri before beginning his mortgage career.

**Michelle (Gray) Tangen** is currently an underwriting manager for a mortgage company in Virginia. Michelle started in the mortgage industry in 1988 as the receptionist and worked her way up to processing mortgage loans and then onto underwriting them. She has originated, processed and underwritten FHA, VA and Conventional loans as well as several bond programs in various states across the country. She has worked in both the retail and wholesale sides of mortgage banking.

She specializes in government loans (FHA & VA) and in addition to her daily duties as an underwriter, she also presents seminars at several real estate companies throughout the year. She is a direct endorsement underwriter for the Department of Housing & Urban Development (HUD) as well as The Veterans Administration (VA) and has been since the early 90's. She likes helping new loan officers, processors and realtors expand their knowledge base with government programs.

Katherine Z. Jones is Director of Quality Control with Planet Home Lending. Katherine is a graduate of Queens University and UNC with degrees in Business and Finance. She has twenty plus years in the mortgage industry as a Consultant, Chief Operations Officer, Quality Control Manager and Director and Fraud Examiner. Katherine as also been an Expert Witness for litigation relating to mortgage quality and fraud and has was the Quality Manager for the Freddie Mac STACR initiatives. She is a Certified Fraud Examiner.

Instructor contact information: Please feel free to contact our instructors at [learning@elliemae.com](mailto:learning@elliemae.com)

## Course Administration

### 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 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).

Any violation of this standard could lead to automatic withdrawal from the course without credit or refund. Course should be taken in a quiet, distraction free area. NMLS has established a mandatory, automatic, log-out and after six minutes of inactivity, you will be logged out of the course. On logging back in, you will return to either the page where inactivity was detected or the start of the unit of instruction. Units of instruction are indicated in the Course Outline section of this syllabus.

### Course Deadline:

Students have until December 31 in the year in which the course is purchased to complete the course. You may complete the course at any time during this period. However, course providers are afforded seven calendar days to credit the student's NMLS account following successful completion of the course. It is strongly advised that you complete the course at least one week prior to the December 31 deadline.

### Grading Policy:

Successfully completing a module:

To receive CE credit with the NMLS for this course, students must successfully complete the following items:

- Review the syllabus
- Complete the course
- Final Assessment with a score of 70% or better – students are allowed two attempts
- Receive (download) the Certificate of Completion

Successfully completing a module:

This course is broken into modules. Each module contains activities such as scenarios, videos, review questions and a module quiz. Students must successfully complete these activities and pass the module quiz with a grade of 70% or better to complete that module.

### Course Evaluation:

After you have completed the course and final assessment, please take a moment to complete the course evaluation. Your feedback will help us improve our courses and develop new offerings.

### Technical Requirements/Support

Computer and internet requirements:

Students must have an Internet connection, for best performance, ethernet versus Wi-Fi is preferred. The following browsers are acceptable: Chrome, Edge, Internet Explorer (version 7 or later; but not IE9), Firefox, Safari, or Opera. You must have Adobe Reader to view the supplemental materials/handouts in the course. Make sure you disable toolbars in your browser and enable popups.

If you can't find what you are looking for, contact our support staff at (800) 848-4904 Monday – Friday 8:00 am – 5:00 pm Central Time.

### Help and Contact Information:

Please feel free to contact our industry experts by emailing [learning@elliemae.com](mailto:learning@elliemae.com). Please include the course title and related slide number(s) in your communication.



### Continued Learning:

After completing this course, you may be interested in other courses to enhance your knowledge. Visit <http://elliemae.com/education/continuing-education> for a list of all course offerings. In addition to self-paced online courses, AllRegs by Ellie Mae offers instructor-led onsite, classroom courses, instructor-led virtual classroom courses, single session webinars on key issues impacting the mortgage industry and may be able to meet your customized training needs.