

Utah Mortgage Pre-Licensing Education Outline
August, 2009

Utah administrative rules require 60 hours of pre-licensing education in order to qualify for a mortgage originator's license. Of the 60 hours, 20 hours must be SAFE approved through the NMLS. The remaining 40 hours must be approved by the Utah Division of Real Estate (DRE). The approved outline for the 40 hour course is set forth below.

Content Outline	Total Section Hours	Sub-Section Hours
1. General Mortgage Industry Knowledge	6.5	
<ul style="list-style-type: none"> a. Mortgage Categories <ul style="list-style-type: none"> i. Conventional/Conforming <ul style="list-style-type: none"> 1. Guidelines ii. Government (FHA,VA) <ul style="list-style-type: none"> 1. Programs 2. Guidelines iii. Jumbo iv. Non-conforming/Alt A v. Sub-prime vi. Second Mortgages/HELOCs vii. Reverse Mortgages viii. Affordable housing products ix. Non-traditional products 		Provider's discretion
<ul style="list-style-type: none"> b. Mortgage Products <ul style="list-style-type: none"> i. Fixed Rate ii. Variable Rate/ARMS <ul style="list-style-type: none"> 1. Basic definitions iii. Balloons iv. 80/20, 80/15 etc. v. Interest Only vi. Non-traditional 		Provider's discretion
<ul style="list-style-type: none"> c. Retail Product Pricing <ul style="list-style-type: none"> i. Service Release Premium (SRP) ii. Yield Spread Premium (YSP) iii. Lender Fees iv. Price Adjustments (including discounts) v. Third party fees vi. Understanding rate sheets vii. Case studies 		Provider's discretion
<ul style="list-style-type: none"> d. Financial Calculations/Basic Mortgage Math <ul style="list-style-type: none"> i. Payment calculations ii. Ratio calculations 		Provider's discretion

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<ul style="list-style-type: none"> iii. Buydown calculations iv. Calculator basics <ul style="list-style-type: none"> 1. Rate, term, PV, interest v. Pro-rationing at settlement vi. Interest vii. Closing Costs viii. ARM Basics e.g. index, margin, etc ix. LTV/CLTV x. Escrow items <ul style="list-style-type: none"> 1. Property taxes 2. Hazard Insurance xi. Property Taxes xii. Mortgage Insurance xiii. Case studies xiv. Other 		
<ul style="list-style-type: none"> e. Structure of the Industry <ul style="list-style-type: none"> i. Primary ii. Secondary iii. Capital markets iv. Fannie Mae v. Freddie Mac vi. Ginnie Mae vii. Correspondent vs. broker viii. Lender/Banker vs. broker vs. Bank (depository institution) 		Provider's discretion
<ul style="list-style-type: none"> f. Scope of Representation <ul style="list-style-type: none"> i. Capital gains ii. Interest iii. Real estate taxes iv. Real estate practice v. Foreclosure/Short sale counseling vi. Credit repair 		Provider's discretion
2. Mortgage Related Professional Practices	6	
<ul style="list-style-type: none"> a. General Real Estate Law and Terms <ul style="list-style-type: none"> i. Utah REPC 		3

Content Outline	Total Section Hours	Sub-Section Hours
ii. Contract Law		
<ul style="list-style-type: none"> b. Appraisals <ul style="list-style-type: none"> i. Approaches to Valuation <ul style="list-style-type: none"> 1. Cost 2. Income 3. Market ii. Appraisal Terms <ul style="list-style-type: none"> 1. Comparable sales 2. Highest and best use 3. Principle of substitution 4. Comparable adjustments 5. Depreciation 6. Reconciliation 7. Adverse conditions 8. AVM iii. USPAP appraisal ordering iv. Contractual relationship between lender/broker and appraiser v. Payment of fees vi. Transferring appraisals vii. Different types of appraisals viii. HVCC ix. Appraisal fraud x. Case studies xi. Reviewing adjustments, other basic appraisal concepts xii. Non-conforming/Conforming zoning use xiii. Concessions – value of xiv. Real property vs. personal property xv. Declining markets 		3
3. Federal Mortgage Related Law and Regulatory Compliance	1	
<ul style="list-style-type: none"> a. RESPA and Regulation X <ul style="list-style-type: none"> i. Good Faith ii. HUD – 1 iii. Settlement Cost Booklet 		Provider's discretion

Content Outline	Total Section Hours	Sub-Section Hours
<ul style="list-style-type: none"> iv. Notice of Transfer Servicing v. Aggregate Escrow Analysis vi. Kickbacks and Referral Fees vii. Exempt Transactions viii. Terms defined in RESPA ix. Settlement Services x. Penalties xi. Exemptions for employees xii. Settlement Statements before closing xiii. ABAs/Joint marketing xiv. Marketing scams, LLCs 		
<ul style="list-style-type: none"> b. Truth in Lending Act (Regulation Z, APR) <ul style="list-style-type: none"> i. Calculation basics <ul style="list-style-type: none"> 1. Definition of pre-paid finance charges 2. Itemization of Amount Financed ii. Advertising requirements <ul style="list-style-type: none"> 1. APR use 2. Trigger terms iii. Case studies iv. Disclosure v. Notice of Right to Cancel vi. Home Ownership and Equity Protection Act (HOEPA) vii. Prepayment Penalties viii. Early Payoff 		Provider's discretion
<ul style="list-style-type: none"> c. Other Federal Laws <ul style="list-style-type: none"> i. FH Act – Fair Housing Act ii. ECOA – Equal Credit Opportunity Act and Regulation B iii. HMDA – Home Mortgage Disclosure Act iv. FCRA – Fair Credit Reporting Act <ul style="list-style-type: none"> 1. Consumer credit report v. Predatory Lending vi. GLB vii. USA Patriot viii. Telemarketing/Do Not Call 		Provider's discretion

Content Outline	Total Section Hours	Sub-Section Hours
ix. SAFE Act		
d. Agencies Regulating Mortgage Lending <ul style="list-style-type: none"> i. Federal Trade Commission ii. Department of Housing and Urban Development (HUD) iii. Department of Veterans' Affairs iv. Federal Reserve 		Provider's discretion
4. Qualifying/Processing (12.5 total, 5 of which to be included in NMLS, remaining 7.5 in supplemental/DRE)	7.5	
a. New Application <ul style="list-style-type: none"> i. Pre-qualification vs. pre-approval ii. Income <ul style="list-style-type: none"> 1. DTI <ul style="list-style-type: none"> a. Liabilities used 2. Acceptable income 3. Documenting income 4. Calculating income <ul style="list-style-type: none"> a. Self employment b. Hourly c. Salary d. Bonus/Overtime e. Social security f. Alimony/Child support ii. Assets <ul style="list-style-type: none"> 1. Acceptable types 2. Documenting 3. 401k calculation iii. Credit <ul style="list-style-type: none"> 1. How to read a credit report 2. Three repositories 3. Credit scores/Requirements 4. Rescoring 5. Rapid reporting (SS) iv. Property Type <ul style="list-style-type: none"> 1. Owner occupied 2. Second home 3. Investment property v. Government monitoring/borrower attestation vi. Case study 		Provider's discretion

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<ul style="list-style-type: none"> b. Automated Underwriting <ul style="list-style-type: none"> i. DU ii. LP iii. DO iv. Total Scorecard 		Provider's discretion
<ul style="list-style-type: none"> c. Closing Process <ul style="list-style-type: none"> i. Settlement statement ii. Recording documents/Funding iii. Warranty deeds iv. Ownership types <ul style="list-style-type: none"> 1. Joint tenants 2. Tenants in common v. Trust deeds <ul style="list-style-type: none"> 1. Clauses vi. Title reports vii. Title insurance <ul style="list-style-type: none"> 1. Definitions 2. Types of coverage viii. Lien Priority <ul style="list-style-type: none"> 1. Liens 2. Encumbrances 3. Subordination ix. Foreclosure x. Note xi. Chain of title xii. Split Closing 		Provider's discretion
<ul style="list-style-type: none"> d. Post Closing Issues <ul style="list-style-type: none"> i. Repurchasing/buy-back ii. Compliance iii. Early default iv. Premium recovery 		Provider's discretion
5. Loan Fraud.	3	
<ul style="list-style-type: none"> a. Fraud Participants <ul style="list-style-type: none"> i. Title & Escrow Companies <ul style="list-style-type: none"> 1. Title and RESPA 2. HUD-1 ii. Appraisers & Real Estate Brokers <ul style="list-style-type: none"> 1. Appraisal Fraud Schemes <ul style="list-style-type: none"> a. Inflated appraisals b. Lender pressure c. Comparable sales selection 		Provider's discretion

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<ul style="list-style-type: none"> d. Stolen appraiser identity e. False/dual contracts f. Unreasonable adjustments g. False condition statements h. Seller concessions i. Previous sale or listing 2. Real Estate Agents <ul style="list-style-type: none"> a. Dual Contracts b. Straw buyer c. Over-valuing d. Unqualified buyers e. Increasing list price after contract date f. False MLS iii. Mortgage Brokers/Lenders <ul style="list-style-type: none"> 1. Predatory Lending vs. Mortgage Fraud 2. Predatory Lending 3. Indications of predatory lending 4. Sub-prime lending 5. Predatory schemes 6. Risk reduction techniques 7. Federal intervention 8. Existing laws 		
<ul style="list-style-type: none"> b. Ethics <ul style="list-style-type: none"> i. Why be an ethical mortgage professional? ii. Qualities of a ethical mortgage professional; <ul style="list-style-type: none"> 1. Ethical & Legal Considerations 2. Honesty 3. Conduct 4. Advertising 5. Disclosure 6. Confidentiality & record keeping 7. Mitigating liability/risk iii. Risks of identity theft <ul style="list-style-type: none"> 1. Protecting personal information 2. Disposing of consumer report information <ul style="list-style-type: none"> a. Reducing risks to computer systems b. Written security policy c. Detection d. Prevention 		Provider's discretion

Content Outline	Total Section Hours	Sub-Section Hours
<ul style="list-style-type: none"> 3. Mortgage broker obligations upon discovery of fraud <ul style="list-style-type: none"> a. Reporting b. Legal implications of unethical practices c. Penalties 		
<ul style="list-style-type: none"> c. Mortgage Fraud defined <ul style="list-style-type: none"> i. Indicators of fraud ii. Actual fraud iii. Constructive fraud iv. Mortgage fraud <ul style="list-style-type: none"> 1. Statistics 2. Who commits mortgage fraud 3. Effects of mortgage fraud 4. Foreclosure 5. Foreclosure scams 6. Flipping schemes v. Federal Anti-Wire Fraud and Mail Fraud statutes 		Provider's discretion
6. Utah Law.	10	
<ul style="list-style-type: none"> a. Definitions b. Powers and Duties of the Division c. Powers and Duties of the Commission d. Licensing requirements <ul style="list-style-type: none"> i. Exemptions e. Licensing Procedures <ul style="list-style-type: none"> i. Exam ii. Education iii. Forms iv. Incomplete applications f. Qualifications for licensure g. Affiliation with a PLM <ul style="list-style-type: none"> i. Termination ii. Activation/inactivation h. Renewal of Licenses <ul style="list-style-type: none"> i. Time periods ii. RELMS iii. Fitness for renewal iv. CE requirements <ul style="list-style-type: none"> 1. Course numbers in advertising v. CE Banking 		Provider's discretion

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<ul style="list-style-type: none"> i. Misrepresentation on license application j. Reporting Changes k. PLM Licenses l. Reciprocal Licenses m. Activation/Inactivation n. Prohibited Conduct o. Unprofessional conduct p. Standards of practice q. Record Keeping Requirements r. Investigations s. Disciplinary Actions <ul style="list-style-type: none"> i. Licensee rights t. Informal adjudicative hearing proceedings u. Cease and Desist Orders v. Penalties w. Recovery Fund x. Notifications for judgments and convictions y. Utah High Cost Loan Act z. Mortgage Lending and Servicing Act 		
7. Testing and Review	6	
Total	40	