

20 Hour MA SAFE Comprehensive: Pre-Licensing MA State Summary

Course Purpose

This course satisfies the requirements set forth by the Secure and Fair Enforcement Mortgage Licensing Act for a comprehensive 20-hour Pre-Licensing course for mortgage loan originators.

Course Description

This course covers these required topics as required by the SAFE Act: Federal lending legislation (3 hours), ethics (3 hours) and nontraditional mortgage products (2 hours). It also includes 9 hours of elective topics that have been chosen to provide you a broad understanding of the key concepts that will prepare you as you begin your career in the mortgage industry. Topics include: A primer on the **primary and secondary mortgage markets**, a **review of the economic, legal, and valuation aspects of the real estate market**, types of **loan products and finance instruments**, as well as the fundamentals of the residential **mortgage lending process**—from pre-qualifying potential borrowers to closing a loan. It also presents (3hours) of Massachusetts required supplemental education covering license law and regulations.

Course Objectives

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

- Discuss disclosure provisions of federal laws related to mortgage lending.
- Identify procedures to protect the privacy of consumers as required by federal law.
- Define education requirements for mortgage lending professionals.
- Define ethics and discuss the purpose of codes of ethics.
- Discuss various anti-discrimination laws.
- Identify protected classes and practices in relation to fair housing and lending.
- Recognize indicators of mortgage fraud.
- Identify predatory lending practices.
- Identify the characteristics of a conventional loan.
- Contrast conforming and nonconforming loans.
- Identify qualifying standards for FHA-insured loans.
- Identify qualifying standards for VA-guaranteed loans.
- Identify guaranteed and direct loan options available through Rural Development.
- Describe the advantages and disadvantages of buydown plans.
- Identify the elements that make up an adjustable rate mortgage.
- Discuss agency guidelines on lending and subprime loans.
- Identify historical events affecting today's mortgage industry.
- Contrast the primary mortgage market and secondary mortgage market.
- Define the various roles that mortgage professionals play.
- Identify the steps in the loan process.
- Discuss the information necessary to complete a standard loan application.
- Identify criteria for evaluating borrowers.
- Calculate income and total debt ratios.

- Define the purpose of different types of mortgages.
- Identify typical mortgage clauses.
- Discuss the use of private mortgage insurance.
- Identify the essential elements of a valid contract.
- Distinguish among the different forms of deeds.
- Discuss various types of liens and easements and their impact on property.
- Describe how several broad factors and specific principles impact the value of property.
- Identify the steps necessary to complete a real estate appraisal.
- Contrast the three appraisal approaches used to arrive at an opinion of value.
- Discuss the rules and requirements to operate as a Massachusetts Mortgage Loan Originator.

Course Completion Requirements

Within your defined course start and end time, you are required to spend at least **20 hours** interacting with the instructor, course materials, completing the reading assignments, and participating in other activities as assigned. The modules must be completed. Additionally, before your completion status can be transmitted to the Nationwide Mortgage Licensing System & Registry (NMLS), you are required to:

- Take each module quiz and the final comprehensive course exam.
- Submit responses to required activities to your instructor.
- Participate in a Course Evaluation.
- Provide your unique NMLS ID number.

Course Materials

The core instructional text for this course is Mortgage Lending Principles & Practices 3rd Edition, by Hondros Learning. This content is supplemented with classroom lecture, reading assignments, a series of PowerPoint and handouts.

Course Instructor

Dee “Fuse” Kumar is the head instructor for Host Group Real Estate Academy. He has been mentoring and training mortgage and real estate professionals for 10 years, with over 17 years of experience in the real estate and hospitality industries. After helping coach real estate professionals for many years, Dee decided to create mortgage finance and real estate classes to help teach and train people interested in learning the ins and outs of the industry. Dee's skills are very strong; an expert at wearing many hats in the Real Estate Industry, Dee has also worked in mortgage processing and operations, as an underwriter, lecturer, real estate broker, investor, property manager, sales coach, and business consultant to many real estate and mortgage companies aiding in group training, marketing, and technology implementation. An avid writer, Dee has authored many articles about the mortgage industry. He is currently developing software technologies for several mortgage and finance applications and fraud detect predictive analytics, and is writing three books – one for mortgage processors and originators, one on mortgage fraud, and one on Asset Protection.

Expected Behavior

Students are expected to be respectful when interacting with the instructor and other students and refrain from inappropriate language or derogatory comments.

Support

If you have support questions, Host Group Real Estate Associates are available to assist you. Call toll-free: **1-800-918-5240** during these times:

Monday-Friday, 9:00 am - 7:00 pm ET: Closed Saturdays Sunday

Course Syllabus

Course Introduction Estimate Time	30 minutes
Learning Objectives	<ul style="list-style-type: none"> • Demonstrate the process and logistics of the learning room. • Define the elements that make up the course. • Identify requirements for course completion.
Lessons	<ul style="list-style-type: none"> • Course Overview • Classroom rules • Strategies for Success
Reading Assignment	Course Syllabus
Activity	Navigate to the NMLS website and review the process for setting up an account.
Discussion	Introduce yourself to your instructor and other students and briefly describe your experience in mortgage lending on the Introduction Discussion.
Module Exam	NONE : Verbal Review

Module 1: Lending Overview Estimate Time	1 hour
Learning Objectives	<ul style="list-style-type: none"> • Identify historical events affecting today's mortgage industry. • Contrast the primary mortgage market and the secondary mortgage market. • Identify the entities involved in the primary mortgage market. • Identify the regulatory agencies involved in mortgage lending.
Reading Assignment	<ul style="list-style-type: none"> • An Overview of Mortgage Lending • The Business of Real Estate
Lesson	The Mortgage Industry / Mortgage Meltdown
Activity	Review and discuss
Module Quiz	Quiz Chapter 1-2

Module 2: Loan Origination Estimate Time	1 to 2 hours
Learning Objectives	<ul style="list-style-type: none"> • Define the various roles that mortgage professionals play. • Distinguish between pre-approval and pre-qualification. • Identify the steps in the loan process. • Discuss the information necessary to complete a standard loan application. • Identify criteria for evaluating borrowers. • Calculate income and total debt ratios. • Explain credit scoring. • Discuss the settlement process, including reconciliation. • Identify sources of data needed to address conditions in a loan file. • Discuss strategies for building a successful loan package.
Reading Assignment	The Loan Origination Process
Lessons	<ul style="list-style-type: none"> • Gathering Documentation for Loan Processing • Putting Together a Loan Package
Activity	Exercises on qualifying loan applicants.
Module Quiz	Chapter 3

Module 3: Federal Lending Law Estimate Time	3 hours
Learning Objectives	<ul style="list-style-type: none"> • Discuss disclosure provisions of federal laws related to mortgage lending. • Identify procedures to protect the privacy of consumers. • Identify protected classes and practices in relation to fair housing and lending. • Recognize practices that could signal predatory lending. • Define education requirements for mortgage lending professionals and review Massachusetts requirements
Reading Assignment	Federal Lending Legislation
Lesson	Federal Law PowerPoint Review

Assignment	Fill in Blank Federal law review
Module Quiz	Federal Lending Legislation Chap 4

Module 4: Conventional Financing Estimate Time	1 to 2 hours
Learning Objectives	<ul style="list-style-type: none"> • Identify the characteristics of a conventional loan. • Define amortization. • Identify different types of conventional loans. • Discuss the use of private mortgage insurance. • Contrast conforming and nonconforming loans. • Discuss methods of secondary financing. • Identify factors to consider when refinancing a mortgage.
Reading Assignment	Conventional Financing
Lesson	Mortgage Refinancing
Activity	Complete two mortgage exercises on qualifying loan applicants for conventional loans.
Module Quiz	Chapter 6 Quiz

Module 5: Finance Instruments Estimate Time	1 hour
Learning Objectives	<ul style="list-style-type: none"> • Contrast a financing instrument from a security instrument. • Discuss advantages and disadvantages of mortgages. • Define the purpose of different types of mortgages. • Identify typical mortgage clauses. • Describe considerations related to loan assumption. • Identify the steps in a judicial foreclosure action.
Reading Assignment	Finance Instruments
Lesson	Judicial Foreclosure, Strict Foreclosure, Friendly Foreclosure, Non-Judicial
Discussion	A discussion of programs to address the foreclosure crisis. Discuss solutions like Hope of Homeowners, Making Homes Affordable, Loan Modifications, Short sales.
Module Quiz	NONE

Module 6: Government Loan Programs Estimate Time	1 to 2 hours
Learning Objectives	<ul style="list-style-type: none"> • Identify qualifying standards for FHA-insured loans. • Define the use of upfront mortgage insurance premiums. • Discuss loan options available through the FHA. • Identify qualifying standards for VA-guaranteed loans. • Define eligibility and entitlement for veterans. • Identify guaranteed and direct loan options available through Rural Development.
Reading Assignment	Government Sponsored Loan Programs
Activity	Complete two mortgage exercises on qualifying loan applicants for government loans.
Module Quiz	Quiz Chapter 7

Module 7: Nontraditional Mortgage Products Estimate Time	2 hours
Learning Objectives	<ul style="list-style-type: none"> • Describe the advantages and disadvantages of buydown plans. • Identify the elements that make up an adjustable rate mortgage. • Identify factors that define a subprime loan and discuss agency guidelines on lending and subprime loans. • Contrast various types of alternative financing. • Describe how a land contract works. • Define requirements and loan terms associated with reverse mortgages. • Contrast home equity loans and home equity lines of credit.
Reading Assignment	Nontraditional Mortgage Products
Lessons	<ul style="list-style-type: none"> • Reverse Mortgages • Massachusetts Reverse Mortgage Review
Assignment	Complete two mortgage exercises on qualifying loan applicants for nontraditional loans. Detail Reverse Mortgage qualifications and process.
Module Quiz	Quiz Chapter 8

Module 8: Legal Interests in Real Estate Estimate Time	1-2 hour
Learning Objectives	<ul style="list-style-type: none"> • Identify the essential elements of a valid contract. • Contrast real property and personal property. • Identify the bundle of real property rights. • Identify public and private restrictions on real property. • Distinguish among the different forms of deeds. • Discuss the purpose of the public records system and the significance of a marketable title. • Describe the purpose of title insurance. • Identify alternate ways people can take ownership of real property. • Contrast freehold and leasehold estates. • Discuss various types of liens and easements and their impact on property.
Reading Assignment	<ul style="list-style-type: none"> • Legal Concepts in Real Estate • Interests in Real Property
Activity	Download a sample American Land Title Association title policy and familiarize yourself with the elements it contains.
Module Quiz	NONE

Module 9: Real Estate Valuation and Appraisal Estimate Time	1 hours
Learning Objectives	<ul style="list-style-type: none"> • Describe how several broad factors and specific principles impact the value of property. • Contrast value, price, and cost. • Define the necessary factors for an arm's length transaction. • Identify factors related to subdividing land that impact its value. • Identify the steps necessary to complete a real estate appraisal. • Contrast the three appraisal approaches used to arrive at an opinion of value. • Identify the elements recorded on a Uniform Residential Appraisal Report (URAR). • Describe how adjustments are made to comparable properties. • Discuss the impact of the Home Valuation Code of Conduct (HVCC).
Reading Assignment	<ul style="list-style-type: none"> • The Value of Real Estate • Understanding Appraisals

Lesson	Appraisal Concerns for the MLO
Module Quiz	NONE

Module 10: Ethics in Mtg Lending Estimate Time	3 hours
Learning Objectives	<ul style="list-style-type: none"> • Define ethics and discuss the purpose of codes of ethics. • Discuss various anti-discrimination laws. • Recall various federal laws and the disclosure obligations they impose. • Recognize indicators of mortgage fraud. • Identify the participants and their roles in mortgage fraud schemes. • Identify predatory lending practices.
Reading Assignment	Ethics in the Mortgage Lending Profession
Lessons	<ul style="list-style-type: none"> • Fair Housing Issues • Combating Mortgage Fraud
Discussion / Assignment	Discuss Ethics and Fraud scenarios. Exercise 13-1 Case Study
Module Quiz	Quiz Chapter 13

**Module 11: Massachusetts
State Summary**

3 Hours

Learning Objectives:

I. Mortgage Regulatory Agencies (5%)

- A. Massachusetts Division of Banks
- B. Office of the Attorney General
- C. Responsibilities and limitations

II. State Law and Regulation Definitions (10%)

- A. General Laws Chapter 255E – Licensing of Mortgage Brokers and Lenders
- B. General Laws Chapter 255F – Licensing of Mortgage Loan Originators
- C. General Laws Chapters 183 and 184
- D. General Laws Chapter 93A
- E. General Laws 167E section 7 - Mortgages and Loans
- F. Division's Regulations 209 CMR 41.00, 42.00, 32.00, 48.00
- G. Attorney General's Regulations 940 CMR 8.00: Mortgage Brokers and Mortgage Lenders

III. Loan Originator License Law and Regulation (15%)

A. Persons required to be licensed

- 1. Non-exempt
- 2. Exempt

B. Licensee qualifications and application process

- 1. Financial responsibility (credit report)
- 2. Background check (criminal check)
- 3. Pre-licensing education testing

C. Grounds for denying a license

- 1. Criminal convictions
- 2. Previous revocation
- 3. Prohibition
- 4. Character and fitness
- 5. Financial Responsibility (credit)
- 6. Adverse civil judgments

D. License maintenance

- 1. Continuing education
- 2. Personal information updates and required notifications
- 3. Renewal
- 4. Termination, reassignment, inactivation and reactivation

IV. Compliance (55%)

A. Loan Originator - Broker

- 1. Prohibited conduct and practices
- 2. Required conduct
- 3. Fees and charges
- 4. Disclosures and agreements
- 5. Advertising
- 6. Record keeping and reporting

B. Loan Originator - Lender

- 1. Prohibited conduct and practices
- 2. Required conduct
- 3. Fees and charges
- 4. Disclosures and agreements
- 5. Advertising
- 6. Record keeping and reporting

C. Loan Originator - General

- 1. Prohibited conduct and practices

V. Disciplinary Action (10%)

A. General Laws Chapter 255F – Sections 7 thru 13

- 1. Notifications, hearings, and appeals
- 2. Suspension and revocation of licenses
- 3. Penalties/fines
- 4. Civil and criminal liability

B. General Laws Chapter 93A

- 1. Notifications, hearings, and appeals
- 2. Suspension and revocation of licenses
- 3. Penalties/fines
- 4. Civil and criminal liability

<p>Assignment:</p> <p>Activity</p> <p>Discussion</p>	<p>VI. Unique State Test Areas (5%)</p> <p>A. Reverse Mortgages B. Community Reinvestment Act (CRA) C. 90 Day Right to Cure After Default on a Mortgage Loan</p> <p>Take notes during a lecture presentation</p> <p>Fill in the blank questions</p> <p>Review all Massachusetts topics as covered on exam outline</p>
<p>Final Exam Estimate Time</p>	<p>30 minutes to 1 hour</p>
<p>Final Exam</p>	<p>100 multiple-choice questions randomized from a larger pool of questions no passing score required for in class exam.</p>