



Mortgage Knowledge Evaluation Outline

Chapter 1 - Approximately 20 Questions Basics Of The Mortgage Industry

Topics

- a. Definition of Fannie Mae and Freddie Mac
- b. Conforming, non-conforming, jumbo, FHA /VA definitions
- c. Functions of brokers versus lenders
- d. The role of a loan originator, processor and underwriter
- e. Mortgage documents (mortgage, note, interest rate lock agreement)

Chapter 2 – Approximately 23 Questions Automated Underwriting – Freddie Mac and Fannie Mae

- a. Terminology for both Fannie Mae and Freddie Mac automated underwriting systems
- b. What automated underwriting provides
- c. Rules for AUS use and data integrity
- d. Recognizing acceptable data integrity for income in DU and LP
- e. Recognizing acceptable data integrity for assets in DU and LP
- f. Understanding what automated underwriting does for determining market value of the subject property.

Chapter 3 – Approximately 30 Questions Verification Of Employment

This section is to be completed based on a conforming loan product using Fannie Mae underwriting guidelines

- a. Manual vs. automated underwriting requirements for length of employment history.
- b. Calculating monthly income for qualifying
- c. Analyzing stability of income
- d. Minimum verification requirements
- e. Requirements for calculating qualifying ratios
- f. What determines if a borrower is self employed



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Chapter 4 – Approximately 25 Questions Credit Scores and Credit Analysis

- a. What is a credit score
- b. What makes a credit score inaccurate
- c. What factors impact a credit score
- d. Discussing credit with borrowers
- e. Basics of FACTA that apply to origination and processing
- f. Basics of the use of credit scores by conforming and non-conforming investors

Chapter 5 – Approximately 15 Questions Good Faith Estimate and Basic RESPA (Section 3500.7)

- a. When the GFE must be delivered to the borrower
- b. Definitions of fees, charges and pricing terms
- c. Settlement service providers
- d. What information must be included on the GFE
- e. What constitutes non-compliance with RESPA

Chapter 6 – Approximately 20 Questions Funds to Close and Basic Closing Preparation

- a. Verification requirements
- b. Acceptable sources of funds to close based on Fannie Mae and Freddie Mac guidelines
- c. Calculating net proceeds from the sale of another property.
- d. Documentation requirements
- e. Gift requirements
- f. Minimum requirements for title insurance and hazard insurance
- g. Definition of a mortgage survey
- h. Required signatures at closing and power of attorney



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Chapter 7 – Approximately 16 Questions Loan Eligibility and Products

- a. Definition of primary risk factors
- b. Definition of LTV, HCLTV, CLTV, TLTV, HTLTV
- c. Private Mortgage Insurance
- d. Adjustable rate mortgage features
 - a. Negative amortization
 - b. Indexes
 - c. Adjustments
 - d. Pre-payment penalties

Chapter 8 – Approximately 22 Questions Federal Regulatory Compliance 22 Questions

- a. Forms required at application and within three business days. (Early disclosures) RESPA, TILA, Patriot Act, FACT Title II Sec. 212.
- b. Regulation X; Real Estate Settlement Procedures Act; RESPA: (12 USC 2601) Portions of the following sections are included:
(24 CFR Part 3500)
3500.2 - Definitions
3500.12 – No Fee
3500.14 – Prohibition against Kickbacks
3500.15 – Affiliated Business Arrangements
3500.16 - Title companies
- c. Equal Credit Opportunity Act (15 USC 1691)
Regulation B. ECOA; (12 CFR Part 202)
Portions of the following sections are included:
202.2 – Definitions
202.5 - Rules concerning request for information
202.6 – Rules concerning evaluation of applications
202.14 – Rules on providing appraisal reports
Part 202 Supplements and federal commentaries for the above sections.
- d. Truth In Lending Act (15 USC 1501)
Regulation Z. TILA
226.19 - Timing of the initial TILA and variable rate disclosures
226.23 – Right of rescission
226.24 - Advertising