

## Utah Mortgage Pre-Licensing SAFE Education

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 Division of Real Estate (DRE). Below, content which is to be included in the 20 hour S.A.F.E. course is so indicated. The remaining hours are to be included in the supplementary/DRE hours. The subsections in Sections 1 and 4 may be divided at the provider’s discretion as long as the total hours for the section are divided as indicated. The remaining sections should be divided as indicated.

Content Outline	Total Section Hours	Sub-Section Hours	NMLS Hours	DRE Hours
1. <b>General Mortgage Industry Knowledge</b> (11.5 hours total, 5 NMLS hours, 2 of which must be non-traditional products, remaining 6.5 to be in supplementary/DRE hours.)	11.5		5	6.5
<ul style="list-style-type: none"> <li>a. Mortgage Categories                             <ul style="list-style-type: none"> <li>i. Conventional/Conforming                                     <ul style="list-style-type: none"> <li>1. Guidelines</li> </ul> </li> <li>ii. Government (FHA,VA)                                     <ul style="list-style-type: none"> <li>1. Programs</li> <li>2. Guidelines</li> </ul> </li> <li>iii. Jumbo</li> <li>iv. Non-conforming/Alt A</li> <li>v. Sub-prime</li> <li>vi. Second Mortgages/HELOCs</li> <li>vii. Reverse Mortgages</li> <li>viii. Affordable housing products</li> <li>ix. Non-traditional products</li> </ul> </li> </ul>		2	See section heading above	See section heading above
<ul style="list-style-type: none"> <li>b. Mortgage Products                             <ul style="list-style-type: none"> <li>i. Fixed Rate</li> <li>ii. Variable Rate/ARMS                                     <ul style="list-style-type: none"> <li>1. Basic definitions</li> </ul> </li> <li>iii. Balloons</li> <li>iv. 80/20, 80/15 etc.</li> <li>v. Interest Only</li> <li>vi. Non-traditional</li> </ul> </li> </ul>		1	See section heading above	See section heading above
<ul style="list-style-type: none"> <li>c. Retail Product Pricing                             <ul style="list-style-type: none"> <li>i. Service Release Premium (SRP)</li> <li>ii. Yield Spread Premium (YSP)</li> <li>iii. Lender Fees</li> <li>iv. Price Adjustments (including discounts)</li> <li>v. Third party fees</li> </ul> </li> </ul>		1.5	See section heading above	See section heading above

Content Outline	Total Section Hours	Sub-Section Hours	NMLS Hours	DRE Hours
<ul style="list-style-type: none"> <li>vi. Understanding rate sheets</li> <li>vii. Case studies</li> </ul>				
<ul style="list-style-type: none"> <li>d. Financial Calculations/Basic Mortgage Math <ul style="list-style-type: none"> <li>i. Payment calculations</li> <li>ii. Ratio calculations</li> <li>iii. Buydown calculations</li> <li>iv. Calculator basics <ul style="list-style-type: none"> <li>1. Rate, term, PV, interest</li> </ul> </li> <li>v. Pro-rationing at settlement</li> <li>vi. Interest</li> <li>vii. Closing Costs</li> <li>viii. ARM Basics e.g. index, margin, etc</li> <li>ix. LTV/CLTV</li> <li>x. Escrow items <ul style="list-style-type: none"> <li>1. Property taxes</li> <li>2. Hazard Insurance</li> </ul> </li> <li>xi. Property Taxes</li> <li>xii. Mortgage Insurance</li> <li>xiii. Case studies</li> <li>xiv. Other</li> </ul> </li> </ul>		5	See section heading above	See section heading above
<ul style="list-style-type: none"> <li>e. Structure of the Industry <ul style="list-style-type: none"> <li>i. Primary</li> <li>ii. Secondary</li> <li>iii. Capital markets</li> <li>iv. Fannie Mae</li> <li>v. Freddie Mac</li> <li>vi. Ginnie Mae</li> <li>vii. Correspondent vs. broker</li> <li>viii. Lender/Banker vs. broker vs. Bank (depository institution)</li> </ul> </li> </ul>		1	See section heading above	See section heading above
<ul style="list-style-type: none"> <li>f. Scope of Representation <ul style="list-style-type: none"> <li>i. Capital gains</li> <li>ii. Interest</li> <li>iii. Real estate taxes</li> <li>iv. Real estate practice</li> </ul> </li> </ul>		1	See section heading above	See section heading above

Content Outline	Total Section Hours	Sub-Section Hours	NMLS Hours	DRE Hours
<ul style="list-style-type: none"> <li>v. Foreclosure/Short sale counseling</li> <li>vi. Credit repair</li> </ul>				
<b>2. Mortgage Related Professional Practices</b>	<b>6</b>			<b>6</b>
<ul style="list-style-type: none"> <li>a. General Real Estate Law and Terms <ul style="list-style-type: none"> <li>i. Utah REPC</li> <li>ii. Contract Law</li> </ul> </li> </ul>		3		3
<ul style="list-style-type: none"> <li>b. Appraisals <ul style="list-style-type: none"> <li>i. Approaches to Valuation <ul style="list-style-type: none"> <li>1. Cost</li> <li>2. Income</li> <li>3. Market</li> </ul> </li> <li>ii. Appraisal Terms <ul style="list-style-type: none"> <li>1. Comparable sales</li> <li>2. Highest and best use</li> <li>3. Principle of substitution</li> <li>4. Comparable adjustments</li> <li>5. Depreciation</li> <li>6. Reconciliation</li> <li>7. Adverse conditions</li> <li>8. AVM</li> </ul> </li> <li>iii. USPAP appraisal ordering</li> <li>iv. Contractual relationship between lender/broker and appraiser</li> <li>v. Payment of fees</li> <li>vi. Transferring appraisals</li> <li>vii. Different types of appraisals</li> <li>viii. HVCC</li> <li>ix. Appraisal fraud</li> <li>x. Case studies</li> <li>xi. Reviewing adjustments, other basic appraisal concepts</li> <li>xii. Non-conforming/Conforming zoning use</li> <li>xiii. Concessions – value of</li> <li>xiv. Real property vs. personal property</li> </ul> </li> </ul>		3		3

Content Outline	Total Section Hours	Sub-Section Hours	NMLS Hours	DRE Hours
xv. Declining markets				
<b>3. Federal Mortgage Related Law and Regulatory Compliance</b>	<b>8</b>		<b>7</b>	<b>1</b>
a. RESPA and Regulation X <ul style="list-style-type: none"> <li>i. Good Faith</li> <li>ii. HUD – 1</li> <li>iii. Settlement Cost Booklet</li> <li>iv. Notice of Transfer Servicing</li> <li>v. Aggregate Escrow Analysis</li> <li>vi. Kickbacks and Referral Fees</li> <li>vii. Exempt Transactions</li> <li>viii. Terms defined in RESPA</li> <li>ix. Settlement Services</li> <li>x. Penalties</li> <li>xi. Exemptions for employees</li> <li>xii. Settlement Statements before closing</li> <li>xiii. ABAs/Joint marketing</li> <li>xiv. Marketing scams, LLCs</li> </ul>		3	2	1
b. Truth in Lending Act (Regulation Z, APR) <ul style="list-style-type: none"> <li>i. Calculation basics <ul style="list-style-type: none"> <li>1. Definition of pre-paid finance charges</li> <li>2. Itemization of Amount Financed</li> </ul> </li> <li>ii. Advertising requirements <ul style="list-style-type: none"> <li>1. APR use</li> <li>2. Trigger terms</li> </ul> </li> <li>iii. Case studies</li> <li>iv. Disclosure</li> <li>v. Notice of Right to Cancel</li> <li>vi. Home Ownership and Equity Protection Act (HOEPA)</li> <li>vii. Prepayment Penalties</li> <li>viii. Early Payoff</li> </ul>		2	2	

Content Outline	Total Section Hours	Sub-Section Hours	NMLS Hours	DRE Hours
<ul style="list-style-type: none"> <li>c. Other Federal Laws <ul style="list-style-type: none"> <li>i. FH Act – Fair Housing Act</li> <li>ii. ECOA – Equal Credit Opportunity Act and Regulation B</li> <li>iii. HMDA – Home Mortgage Disclosure Act</li> <li>iv. FCRA – Fair Credit Reporting Act <ul style="list-style-type: none"> <li>1. Consumer credit report</li> </ul> </li> <li>v. Predatory Lending</li> <li>vi. GLB</li> <li>vii. USA Patriot</li> <li>viii. Telemarketing/Do Not Call</li> <li>ix. SAFE Act</li> </ul> </li> </ul>		3	3	
<ul style="list-style-type: none"> <li>d. Agencies Regulating Mortgage Lending <ul style="list-style-type: none"> <li>i. Federal Trade Commission</li> <li>ii. Department of Housing and Urban Development (HUD)</li> <li>iii. Department of Veterans’ Affairs</li> <li>iv. Federal Reserve</li> </ul> </li> </ul>		Include above		
<p><b>4. Qualifying/Processing (12.5 total, 5 of which to be included in NMLS, remaining 7.5 in supplemental/DRE)</b></p>	<b>12.5</b>		<b>5</b>	<b>7.5</b>
<ul style="list-style-type: none"> <li>a. New Application <ul style="list-style-type: none"> <li>i. Pre-qualification vs. pre-approval</li> <li>ii. Income <ul style="list-style-type: none"> <li>1. DTI <ul style="list-style-type: none"> <li>a. Liabilities used</li> </ul> </li> <li>2. Acceptable income</li> <li>3. Documenting income</li> <li>4. Calculating income <ul style="list-style-type: none"> <li>a. Self employment</li> <li>b. Hourly</li> <li>c. Salary</li> <li>d. Bonus/Overtime</li> <li>e. Social security</li> <li>f. Alimony/Child support</li> </ul> </li> </ul> </li> </ul> </li> </ul>		8	See section heading above	See section heading above

Content Outline	Total Section Hours	Sub-Section Hours	NMLS Hours	DRE Hours
<ul style="list-style-type: none"> <li>ii. Assets <ul style="list-style-type: none"> <li>1. Acceptable types</li> <li>2. Documenting</li> <li>3. 401k calculation</li> </ul> </li> <li>iii. Credit <ul style="list-style-type: none"> <li>1. How to read a credit report</li> <li>2. Three repositories</li> <li>3. Credit scores/Requirements</li> <li>4. Rescoring</li> <li>5. Rapid reporting (SS)</li> </ul> </li> <li>iv. Property Type <ul style="list-style-type: none"> <li>1. Owner occupied</li> <li>2. Second home</li> <li>3. Investment property</li> </ul> </li> <li>v. Government monitoring/borrower attestation</li> <li>vi. Case study</li> </ul>				
<ul style="list-style-type: none"> <li>b. Automated Underwriting <ul style="list-style-type: none"> <li>i. DU</li> <li>ii. LP</li> <li>iii. DO</li> <li>iv. Total Scorecard</li> </ul> </li> </ul>		.5	See section heading above	See section heading above
<ul style="list-style-type: none"> <li>c. Closing Process <ul style="list-style-type: none"> <li>i. Settlement statement</li> <li>ii. Recording documents/Funding</li> <li>iii. Warranty deeds</li> <li>iv. Ownership types <ul style="list-style-type: none"> <li>1. Joint tenants</li> <li>2. Tenants in common</li> </ul> </li> <li>v. Trust deeds <ul style="list-style-type: none"> <li>1. Clauses</li> </ul> </li> <li>vi. Title reports</li> <li>vii. Title insurance <ul style="list-style-type: none"> <li>1. Definitions</li> <li>2. Types of coverage</li> </ul> </li> <li>viii. Lien Priority <ul style="list-style-type: none"> <li>1. Liens</li> <li>2. Encumbrances</li> <li>3. Subordination</li> </ul> </li> <li>ix. Foreclosure</li> <li>x. Note</li> </ul> </li> </ul>		4	See section heading above	See section heading above

Content Outline	Total Section Hours	Sub-Section Hours	NMLS Hours	DRE Hours
xi. Chain of title xii. Split Closing				
d. Post Closing Issues i. Repurchasing/buy-back ii. Compliance iii. Early default iv. Premium recovery		Include in "c" above		
<b>5. Loan Fraud.</b> Individual sub-section breakdown is at the provider's discretion.	<b>6</b>		<b>3</b>	<b>3</b>
a. Fraud Participants i. Title & Escrow Companies 1. Title and RESPA 2. HUD-1 ii. Appraisers & Real Estate Brokers 1. Appraisal Fraud Schemes a. Inflated appraisals b. Lender pressure c. Comparable sales selection 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 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 1. Predatory Lending vs. Mortgage Fraud 2. Predatory Lending		See section heading above		

Content Outline	Total Section Hours	Sub-Section Hours	NMLS Hours	DRE Hours
<ul style="list-style-type: none"> <li>3. Indications of predatory lending</li> <li>4. Sub-prime lending</li> <li>5. Predatory schemes</li> <li>6. Risk reduction techniques</li> <li>7. Federal intervention</li> <li>8. Existing laws</li> </ul>				
<ul style="list-style-type: none"> <li>b. Ethics <ul style="list-style-type: none"> <li>i. Why be an ethical mortgage professional?</li> <li>ii. Qualities of a ethical mortgage professional; <ul style="list-style-type: none"> <li>1. Ethical &amp; Legal Considerations</li> <li>2. Honesty</li> <li>3. Conduct</li> <li>4. Advertising</li> <li>5. Disclosure</li> <li>6. Confidentiality &amp; record keeping</li> <li>7. Mitigating liability/risk</li> </ul> </li> <li>iii. Risks of identity theft <ul style="list-style-type: none"> <li>1. Protecting personal information</li> <li>2. Disposing of consumer report information <ul style="list-style-type: none"> <li>a. Reducing risks to computer systems</li> <li>b. Written security policy</li> <li>c. Detection</li> <li>d. Prevention</li> </ul> </li> <li>3. Mortgage broker obligations upon discovery of fraud <ul style="list-style-type: none"> <li>a. Reporting</li> <li>b. Legal implications of unethical practices</li> <li>c. Penalties</li> </ul> </li> </ul> </li> </ul> </li> </ul>		See section heading above		
c. Mortgage Fraud defined		See		

Content Outline	Total Section Hours	Sub-Section Hours	NMLS Hours	DRE Hours
<ul style="list-style-type: none"> <li>i. Indicators of fraud</li> <li>ii. Actual fraud</li> <li>iii. Constructive fraud</li> <li>iv. Mortgage fraud <ul style="list-style-type: none"> <li>1. Statistics</li> <li>2. Who commits mortgage fraud</li> <li>3. Effects of mortgage fraud</li> <li>4. Foreclosure</li> <li>5. Foreclosure scams</li> <li>6. Flipping schemes</li> </ul> </li> <li>v. Federal Anti-Wire Fraud and Mail Fraud statutes</li> </ul>		section heading above		
<p><b>6. Utah Law.</b> Breakdown of individual subsection is at the provider's discretion.</p>	<b>10</b>			<b>10</b>
<ul style="list-style-type: none"> <li>a. Definitions</li> <li>b. Powers and Duties of the Division</li> <li>c. Powers and Duties of the Commission</li> <li>d. Licensing requirements <ul style="list-style-type: none"> <li>i. Exemptions</li> </ul> </li> <li>e. Licensing Procedures <ul style="list-style-type: none"> <li>i. Exam</li> <li>ii. Education</li> <li>iii. Forms</li> <li>iv. Incomplete applications</li> </ul> </li> <li>f. Qualifications for licensure</li> <li>g. Affiliation with a PLM <ul style="list-style-type: none"> <li>i. Termination</li> <li>ii. Activation/inactivation</li> </ul> </li> <li>h. Renewal of Licenses <ul style="list-style-type: none"> <li>i. Time periods</li> <li>ii. RELMS</li> <li>iii. Fitness for renewal</li> <li>iv. CE requirements <ul style="list-style-type: none"> <li>1. Course numbers in advertising</li> </ul> </li> <li>v. CE Banking</li> </ul> </li> <li>i. Misrepresentation on license application</li> <li>j. Reporting Changes</li> <li>k. PLM Licenses</li> <li>l. Reciprocal Licenses</li> </ul>		See section heading above		

Content Outline	Total Section Hours	Sub-Section Hours	NMLS Hours	DRE Hours
<ul style="list-style-type: none"> <li>m. Activation/Inactivation</li> <li>n. Prohibited Conduct</li> <li>o. Unprofessional conduct</li> <li>p. Standards of practice</li> <li>q. Record Keeping Requirements</li> <li>r. Investigations</li> <li>s. Disciplinary Actions <ul style="list-style-type: none"> <li>i. Licensee rights</li> </ul> </li> <li>t. Informal adjudicative hearing proceedings</li> <li>u. Cease and Desist Orders</li> <li>v. Penalties</li> <li>w. Recovery Fund</li> <li>x. Notifications for judgments and convictions</li> <li>y. Utah High Cost Loan Act</li> <li>z. Mortgage Lending and Servicing Act</li> </ul>				
7. Testing and Review	6			6
<b>Total</b>	<b>60</b>		<b>20</b>	<b>40</b>