SAFE Mortgage Loan Originator Test – National Component
Content Outline
(115 scored test questions; 10 unscored test questions)

I. Federal mortgage-related laws (24-25%)
   A. RESPA
   B. Equal Credit Opportunity Act (Reg. B)
   C. Truth-in-Lending Act (Reg. Z and HOEPA)
   D. SAFE Act
   E. Other Federal laws and guidelines
      1. Home Mortgage Disclosure Act (HMDA)
      2. Fair Credit Reporting Act
      3. Privacy protection / Do Not Call
      4. FTC Red Flag Rules (Fair and Accurate Credit Transactions Act of 2003)

II. General mortgage knowledge (19-20%)
   A. Mortgage programs
      1. Conventional/conforming
      2. Government (FHA, VA, USDA)
      3. Conventional/nonconforming (Jumbo, Alt-A, etc.)
         a. Statement on Subprime Lending
         b. Guidance on Nontraditional Mortgage Product Risk
   B. Mortgage loan products
      1. Fixed
      2. Adjustable
      3. Balloon
      4. Other (home equity [fixed and line of credit], construction, interest-only, bridge financing)
   C. Terms used in the operation of the mortgage market
      1. Loan terms
      2. Disclosure terms
      3. Financial terms
      4. General terms

III. Mortgage loan origination activities (19-20%)
   A. Application information and requirements
      1. Application accuracy (truthfulness) and required information (e.g., 1003)
         a. Customer
         b. Mortgage loan originator
         c. Verification and documentation
      2. Suitability of products and programs
      3. Disclosures
         a. Accuracy
         b. Timing
B. Qualification: processing and underwriting
   1. Borrower analysis
      a. Assets
      b. Liabilities
      c. Income
      d. Credit report
      e. Qualifying ratios (e.g., housing, debt-to-income, loan-to-value)
   2. Appraisals
   3. Title report
   4. Insurance: hazard, flood, and mortgage
C. Specific program guidelines
   1. VA, FHA, USDA
   2. Fannie Mae, Freddie Mac
   3. Other (e.g., Mortgage insurance, HUD)
D. Closing
   1. Title and title insurance
   2. Closing agent
   3. Explanation of Fees
   4. Explanation of Documents
   5. Funding
E. Financial calculations used in mortgage lending
   1. Periodic Interest
   2. Payments (principal, interest, taxes, and insurance; mortgage insurance, if applicable)
   3. Down payment
   4. Loan-to-value (loan-to-value, combined loan-to-value, total loan-to-value)
   5. Debt-to-income Ratios
   6. Temporary and Fixed interest rate buy-down (discount points)
   7. Closing costs and prepaid items
   8. ARMs (e.g., fully indexed rate)
IV. Ethics (15%)
   A. RESPA
   B. Gramm-Leach-Bliley Act
   C. Truth-in-Lending Act
   D. Equal Credit Opportunity Act
   E. Appraisal
   F. Fraud detection, reporting, and prevention
   G. Ethical behavior
      1. Consumers
      2. Appraisers
      3. Underwriters
4. Investors  
5. Real Estate Professionals  
6. Settlement/Closing agent  
7. Employers  
8. Mortgage Loan Originators  

The National Portion of your exam will consist of 125 questions, but 10 of the questions are not scored. You will not know which 10 questions are not scored when you take the exam. These unscored questions will not be graded and will neither help nor hurt your final score. These questions are included so that the NMLS can gather statistical information about new questions so that they can test their validity before including those questions in the graded portion of the exam.

As was pointed out in the previous section regarding the SAFE Act, you will need to score 75% or better to pass the exam. If you fail the exam, you may retake it after a 30 day waiting period. If you fail it three times, you must wait 180 days after the third attempt. The cycle would then repeat itself.