



School of Loan Origination I Detailed Course Outline

Session 1

History of Mortgage Lending

- Overview of course and expectations for completion
- Big picture of mortgage lending
- History of mortgage lending in the United States
- Legislation and regulation in the wake of the housing credit crisis
- Current trends in Mortgage Lending

Session 2

The Role of the Mortgage Loan Originator

- How MLOs originate and agencies that oversee origination activities
- Different mortgage channels
- Skill sets required for successful origination
- SAFE Act defined MLO and origination activities
- Differences between refinances and purchases
- Prequalification vs. preapproval
- Approval process and timing transactions
- Anticipating issues and preventing them
- Communication best practices

Session 3

Taking a complete 1003

- MLO's role and responsibilities in taking a complete application
- The application interview process
 - Earn trust and creditability
 - Take the mortgage application
 - Assist the consumer
 - Educate on loan terms and options
 - Prepare and collect documentation
 - Offer and explain terms and costs
- Sections of the 1003: in-depth review
- Best practices for taking a complete and accurate loan application



Session 4

Originating a Complaint 1003

- Overview of compliance laws in mortgage loan origination
- FCRA & FACTA requirements
- Key provisions of the Dodd-Frank Act (ATR/QM, LO Comp)
- MLO responsibilities under ECOA
- MLO responsibilities under HMDA
- HPA – appropriate MI disclosure
- TRID – Loan Estimate and Closing Disclosure
- Mortgage fraud
- 1003 Section IX: Acknowledgement and Agreement

Session 5

Evaluating the 1003: Loan Options and Credit Scoring and Reporting

- Connecting with your customer
- Discovering customers' financial goals
- Long and short term goals
- Offering appropriate options
- Disclosing advantages and disadvantages of options
- How credit history is reported
- Understanding components of credit scores
- Identify key areas MLOs must review
- Credit scoring impact on customers and transactions
- Areas of concern
- Rescoring
- Appropriately advising about credit scores

Day 6

Case study and Homework Review

- Jones Case Study 1003 Initial and Final
- Loan Estimate
- Cash to close spreadsheet
- Net proceeds calculation
- Summarize case Q & A



Session 7

Supporting Documentation

- Overview of supporting documentation
- Best practices for reviewing supporting documents
- Types of verification
- Documenting the transaction
- Documenting the applicant
- Best practices for submitting documentation
- Tying documentation to the 1003

Session 8

Tax Returns and Qualifying Income

- General rules for calculating and documenting qualifying income
- Calculations of hourly, salaried and variable income
- Review of W-2s and VOEs
- Review of personal 1040 return and supporting schedules A-B-C-D-E
- Review of business 1120-1120S-1065 returns
- Discussion of 4506-T requirements
- Discussion of 2106 unreimbursed expenses
- Identifying key areas on tax form that cause issues in underwriting

Session 9

Nontraditional Mortgage Products

- Terminology
- Amortization and loan term
- Mortgage loan programs
- Mortgage loan products
- How ARMs work
- ARM payment options: fully-amortizing, interest-only, deferred interest (negative amortization)
- Other loan products (HELOCs, HE loans, balloon mortgages, construction loans)
- How loan products contributed financial crisis and the regulatory response



Session 10

Pricing and Rate Locks

- Pricing terminology
- Risk-based pricing
- Price and rate factors
- Rate locks
- Best practices for pricing and rate locks

Session 11

Packaging Mortgage Transactions

- Primary considerations in loan decision
- Understanding the property
- Structuring the transaction
- Selecting the right loan program
- Restructuring with compliance
- Best practices for structuring transactions

Session 12

Marketing

- Overview
 - Organization
 - The marketing-originating cycle
 - Consumer direct vs. business to business
- People: finding the target customers and referral sources
- Activities
 - Marketing vs. sales
 - Marketing strategies
 - Content is king
 - Social media
 - Planning