

School of Mortgage Banking I: Introduction to Real Estate Finance

AGENDA

The course runs Tuesday through Friday.

PLEASE NOTE: Instructors will schedule breaks during each session. Session start/end times are subject to change however all sessions will be covered during the course.

DAY 1 : TUESDAY	
7:30 a.m.	Registration and Continental Breakfast
8:00 a.m.	Welcome & Overview of Course
8:15 a.m.	Introduction to Mortgage Banking
10:45 a.m.	Ethics
12:00 p.m.	Lunch
1:00 p.m.	Regulatory Compliance
3.15 p.m.	Laws Affecting the Mortgagee's Interest in Property
5:00 p.m.	Session Concludes
DAY 2 : WEDNESDAY	
7:30 a.m.	Continental Breakfast
8:00 a.m.	Loan Products
10:30 a.m.	Loan Production
12:00 p.m.	Lunch
1:00 p.m.	Loan Production, continued
5:00 p.m.	Session Concludes

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DAY 3 : THURSDAY	
7:30 a.m.	Continental Breakfast
8:00 a.m.	Fraud & Quality Assurance
12:00 p.m.	Lunch
1:00 p.m.	Loan Administration (Servicing)
5:00 p.m.	Session Concludes
DAY 4: FRIDAY	
7:30 a.m.	Continental Breakfast
8:00 a.m.	Secondary Marketing
12:00 p.m.	Lunch
1:00 pm	Warehouse Lending
2:00 p.m.	Commercial Lending
4:30 p.m.	School of Mortgage Banking I Concludes

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COURSE SYLLABUS

This course provides an end-to-end overview of the mortgage lending business. It introduces all the major functions in residential lending as well as an overview of commercial lending. It provides an overview of key legal concepts that impact mortgage lending and important regulations governing the industry.

INTRODUCTION TO MORTGAGE BANKING

Time: 2 hours

This module is designed to provide a synopsis of the mortgage banking industry. We will begin with a look at the role of mortgage banking in the U.S. economy. We will then look at the functions of the primary and secondary mortgage markets, examining the flow of money among the various players. We will provide an overview of primary market functions and players and an overview of secondary market goals and players.

Upon completion of this module, you will be able to:

- Explain the basic business model of mortgage lending.
- Describe the role of mortgage banking in the economy.
- Describe the key functions and players in the primary mortgage market.
- Describe the key functions and players in the secondary mortgage market.

ETHICS

Time: 1 hour

This module is designed to explore values and ethics and how they affect decision-making in life and in the workplace. We will discuss how to incorporate an ethical process into decision-making and how to build a stronger ethical culture in the organization.

Upon completion of this module, you will be able to:

- Define “ethics” and recognize the role of ethics in responsible decision-making.
- Explain how a framework – a vetting process – can be used to help make ethical decisions at work.
- Describe how codes of ethics such as MBA's Canon of Ethics can be used to operationalize ethics at the organizational level.
- Understand and apply the MBA Code of Ethics.

School of Mortgage Banking I: Introduction to Real Estate Finance

REGULATORY COMPLIANCE

Time: 2 hours 30 minutes

This module introduces federal regulations governing the mortgage banking industry. It provides an overview of pertinent federal laws and regulations and potential compliance issues, looking at the problems that led to the laws (predatory lending and discriminatory practices) and the solutions created to protect consumers (laws and regulations). It presents the laws in six major groups: fair lending laws, consumer financial protection laws, credit-related laws, anti-terrorism and money laundering laws, privacy and communications laws, and laws that regulate servicing.

Upon completion of this module, you will be able to:

- Recognize the importance of legal/regulatory compliance in mortgage banking operations.
- Identify the purpose and major provisions of the major federal laws that impact mortgage lending, including:
 - Fair lending laws
 - Consumer financial protection laws
 - Credit-related laws
 - Communications and privacy laws
 - Anti-terrorism and anti-money laundering laws
 - Loan servicing laws

LAWS AFFECTING THE MORTGAGEE'S INTEREST IN PROPERTY

Time 1 hour 45 minutes

This module is designed to introduce you to various legal concepts that affect the mortgage lender's security interest in the real property and, therefore, the salability of the mortgage loan in the secondary market. The central focus of this session is to make mortgage loan originators aware of the legal issues that may arise in loan production functions.

Upon completion of this module, you will be able to:

- Distinguish between real and personal property.
- Distinguish the various types of real property.
- Identify limitations on the use of real property.
- Distinguish among various types of interests in real property.
- Describe the various ways to hold title to real property.
- Identify the methods and means of conveying real property.
- Recognize the significance of establishing by recordation the priority of the mortgage lender's security interest.
- Explain the function of title insurance.
- Explain how mortgages and mortgaged property can be transferred.
- Describe the lender's remedies for default.

School of Mortgage Banking I: Introduction to Real Estate Finance

LOAN PRODUCTS

Time: 1 hour 45 minutes

The purpose of this module is to familiarize students with the variety of consumer mortgage loan products. It describes how loan products and programs are developed, exploring the need within the mortgage banking industry to balance consumer and investor appetites. It compares conventional and government loans, and looks at special programs. It introduces the various features of loan products and how they can be combined and describes the Qualified Mortgage.

Upon completion of this module, you will be able to:

- Compare borrower's needs and investor appetites in loan products.
- Describe the basic types of loan products and programs on the market.
- Explain the common loan features.
- Describe some of the special programs and products on the market.
- Explain what a Qualified Mortgage is and why it is important.

LOAN PRODUCTION

Time: 8 hours

This module provides an overview of loan production goals and functions and explores the tasks and responsibilities associated with each of its main areas: origination, processing, underwriting and closing. Finally, it reviews shipping and delivery, though this function happens begins after the final step in loan production: closing. The shipping and delivery function may be handled by loan production operations or it may report into a secondary marketing department.

Upon completion of this module, you will be able to:

- Explain the role of loan production in the mortgage lending cycle.
- Differentiate between retail and wholesale channels.
- List the major phases of loan production.
- Describe the main functions and key job tasks in each of the major phases:
 - Origination
 - Processing
 - Underwriting
 - Closing
- Describe the main functions and key job tasks of shipping and delivery.

School of Mortgage Banking I: Introduction to Real Estate Finance

Loan Servicing

Time: 5 hours

Upon completion of this module, you will be able to:

- Explain the overall function of loan servicing.
- Explain how the servicing portfolio generates revenue.
- Identify the steps involved in valuing a servicing portfolio.
- Explain the key goals and functions of servicing operations.
- Describe the major functional areas of loan servicing.
- Identify strategies to ensure efficient, profitable loan servicing.

QUALITY ASSURANCE AND FRAUD DETECTION

Time: 2 hours

This module explains the importance of the quality assurance function in the mortgage banking business, especially with regard to detecting fraud. Topics include prevalent mortgage fraud methods and schemes and measures to combat fraud.

Upon completion of this module, you will be able to:

- Explain typical mortgage banking quality assurance functions.
- Describe quality assurance audit practices.
- Describe the characteristics of an effective quality assurance department.
- Identify fraud methods and schemes.
- Recognize indicators of potential mortgage fraud.
- Propose strategies for detecting and combating fraud.

SECONDARY MARKETING

Time: 3 hours 45 minutes

This module provides an overview of the secondary marketing, examining the functions and responsibilities of a mortgage lender's secondary marketing department and the key players who guarantee, insure, securitize and invest in mortgage loans.

Upon completion of this module, you should be able to:

- Define the secondary mortgage market.
- Analyze how the secondary market generates cash.
- Describe the responsibilities of a secondary marketing department.
- Explain how loans are priced and discount points are used.
- Explain the relationship between price and yield.
- Identify the types of commitments.
- Define best execution.
- List the roles of Fannie Mae, Freddie Mac, and Ginnie Mae in the secondary market.
- Describe mortgage-backed securities and their use.

School of Mortgage Banking I: Introduction to Real Estate Finance

WAREHOUSE LENDING

Time: 1 hour

This module provides an overview of the warehouse lending function with a focus on features of the warehouse line and how mortgage lenders obtain and collateralize warehouse lines of credit.

Upon completion of this module, you will be able to:

- Explain the function of warehouse lending in the mortgage banking industry.
- Identify the typical characteristics of a warehouse line of credit.
- Explain the process of obtaining and collateralizing a warehouse line of credit.
- Describe major steps of the warehouse lending process.

COMMERCIAL LENDING

Time: 1 hour 45 minutes

This module provides a basic overview of commercial mortgage banking. We will begin by comparing and contrasting commercial and residential real estate finance. We will then learn about how the commercial lending system functions by examining the players, sources of funding, financing vehicles, property, types of loans and the loan cycle.

Upon completion of this lesson, you will be able to:

- Define commercial lending.
- Distinguish commercial from residential real estate finance.
- Explain the commercial lending process flow.
- Describe commercial underwriting and its related activities.
- Describe the players involved in commercial lending.
- Identify the various property types involved in commercial lending.
- Describe the types of commercial loans.