The Company

Overview

State Continuing Education Inc., best known as StateCE, provides online continuing education (CE) courses to business professionals and tradesmen in the United States.

The company, founded by Steve and Jeanne Trussell, delivers on-demand access to CE courses for ten professions and trades, and serves more than 65,000 customers, including Insurance Professionals, Electricians, Air Conditioning/Heating Service Providers, Cosmetologists, Realtors, Mortgage Representatives, X-Ray Technicians and more. The company, based in Allen, Texas, also provides written curricula for classroom and home-study CE courses.

State Continuing Education received Nationwide Mortgage Licensing System (NMLS) approval on July 28, 2009. Its provider number is 1400022.

Company Information - Overview

<table>
<thead>
<tr>
<th>Company Name</th>
<th>State Continuing Education, Inc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>NMLS Approved Provider Number</td>
<td>1400022</td>
</tr>
<tr>
<td>Address</td>
<td>1514 N. Greenville Ave., Ste. 310</td>
</tr>
<tr>
<td></td>
<td>Allen, TX 75002</td>
</tr>
<tr>
<td>Phone</td>
<td>800.994.3040 (toll-free)</td>
</tr>
<tr>
<td></td>
<td>972.954.8030 (local)</td>
</tr>
<tr>
<td>Fax</td>
<td>972.954.8022</td>
</tr>
<tr>
<td>Email</td>
<td>General: <a href="mailto:Info@StateCE.com">Info@StateCE.com</a></td>
</tr>
<tr>
<td></td>
<td>Tech: <a href="mailto:Tech@StateCE.com">Tech@StateCE.com</a></td>
</tr>
<tr>
<td></td>
<td>Compliance: <a href="mailto:Compliance@StateCE.com">Compliance@StateCE.com</a></td>
</tr>
<tr>
<td>Hours of Operation</td>
<td>Mon-Fri: 8:00AM – 5:00 PM</td>
</tr>
<tr>
<td></td>
<td>Sat: 9:00 AM – 2 PM</td>
</tr>
<tr>
<td>Phone Support</td>
<td>General, Tech, &amp; Compliance</td>
</tr>
<tr>
<td></td>
<td>Mon-Fri: 8:00AM – 5:00 PM</td>
</tr>
<tr>
<td></td>
<td>Sat: 9:00 AM – 2 PM</td>
</tr>
<tr>
<td>Email Support</td>
<td>General</td>
</tr>
<tr>
<td></td>
<td>Mon-Fri: 8:00AM – 5:00 PM</td>
</tr>
<tr>
<td></td>
<td>Sat: 9:00 AM – 2 PM</td>
</tr>
<tr>
<td></td>
<td>Compliance</td>
</tr>
<tr>
<td></td>
<td>Mon-Fri: 8:00AM – 5:00 PM</td>
</tr>
<tr>
<td></td>
<td>Sat: 9:00 AM – 2 PM</td>
</tr>
<tr>
<td></td>
<td>Tech</td>
</tr>
<tr>
<td></td>
<td>24/7 – reply within 12 hours</td>
</tr>
<tr>
<td>Live Secure Chat Support</td>
<td>General, Tech, &amp; Compliance</td>
</tr>
<tr>
<td></td>
<td>Mon-Fri: 8:00AM – 5:00 PM</td>
</tr>
<tr>
<td></td>
<td>Sat: 9:00 AM – 2 PM</td>
</tr>
</tbody>
</table>
Contact

For course-specific questions, please contact your instructor.
For technology-related questions, please contact tech support.

<table>
<thead>
<tr>
<th>INSTRUCTOR</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Instructor Name</td>
<td>Jeff Messer</td>
</tr>
<tr>
<td>Instructor Phone</td>
<td>214-957-1910 (Office)</td>
</tr>
<tr>
<td>Instructor Email</td>
<td><a href="mailto:jamesser@aol.com">jamesser@aol.com</a></td>
</tr>
<tr>
<td>Availability</td>
<td>Email: you will receive a reply to your question within 24 hours; Phone: by appointment only</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TECH SUPPORT</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Tech Support</td>
<td>Dries Janssens</td>
</tr>
<tr>
<td>Tech Phone</td>
<td>800.994.3040</td>
</tr>
<tr>
<td>Tech Email</td>
<td><a href="mailto:Tech@StateCE.com">Tech@StateCE.com</a></td>
</tr>
<tr>
<td>Availability</td>
<td>Phone: Mon-Fri 8:00 AM – 5:00 PM CST; Email: 24/7 – reply within 12 hours</td>
</tr>
</tbody>
</table>
The Course

Course Overview

This 20-Hour Mortgage Loan Originator SAFE Comprehensive Course uses the Mortgage Lending Principles and Practices textbook, which was designed to meet the core criteria established by the SAFE Act for national mortgage loan originators, including three hours on federal lending legislation—including recent changes to the Truth in Lending Act and the Real Estate Settlement Procedures Act as a result of the Mortgage Disclosure Improvement Act—three hours on the critical topic of fair lending and ethics, and two hours on nontraditional lending products. In addition, the text presents elective topics selected to give students the information they need to successfully enter the mortgage lending field. This course provides a primer on the primary and secondary mortgage markets, as well as a review of the economic, legal, and valuation aspects of the real estate market. This text also details types of loan products and finance instruments—including conventional, government, and nontraditional financing tools—available today. Students will also learn the fundamentals of the residential mortgage lending process—from pre-qualifying potential borrowers, to understanding appraisals, to closing a loan.

The course meets the education requirements for those states that have opted to adopt the minimum NMLS requirement of 20 hours pre-licensure education with no state-specific requirements.
Course Structure/Outline

Day 1:

An Overview of Mortgage Lending
(Chapter 1)
Elective
25 Minutes

A Brief History of Mortgage Lending
Primary Mortgage Market Lenders
   Commercial Banks
   Savings and Loan Associations
   Mortgage Companies, Bankers, and Brokers
   Other Primary Mortgage Market Lenders

Secondary Mortgage Markets
   Function of Secondary Markets
   The Flow of Mortgage Funds
   Secondary Markets Agencies
   Secondary Market Standards

Present Day Mortgage Lending
   Federal Housing Finance Agency (FHFA)
   The Subprime Mortgage Crisis

The Business of Real Estate
(Chapter 2)
Elective
25 Minutes

Factors Affecting Real Estate
   Real Estate Cycles
   Broad Forces Influencing Real Estate Cycles

Government Influence on Real Estate and Mortgages
   Fiscal Policy and the U.S. Treasury Department
   Monetary Policy and the Federal Reserve Board
   Adjusting Interest Rates

The Mortgage Lending Process
(Chapter 3)
Elective
150 Minutes

Role of the Mortgage Professional
Getting a Buyer Approved
   Pre-Qualification / Pre-Approval
   The Loan Approval Process

Consulting with the Lender
   Common Fees Associated with Real Estate Loans

Completing the Loan Application
   Data Needed for an Application
   The Loan Application

Break----------

Processing the Loan Application
   Analyzing the Borrower and the Property
   The Underwriting Process
   Automated Underwriting

Income
   Housing Expense Ratio
   Total Debt Service Ratio
Using Ratios to Determine Maximum Mortgage Payment
Stable Monthly Income
Evaluating Income
Computing Monthly Income
Verifying Income
Credit Scoring
Explaining Derogatory Credit

Net Worth
Evaluating Net Worth
Verifying Deposits for Down Payment/Reserves
Verifying Assets

Closing the Loan
Closing Procedures
Settlement Statement
Proration

Mortgage Exercises

<table>
<thead>
<tr>
<th>Federal Lending Legislation (Chapter 4)</th>
<th>Truth in Lending Act (TILA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Law</td>
<td>Disclosures</td>
</tr>
<tr>
<td>150 Minutes</td>
<td>Annual Percentage Rate (APR)</td>
</tr>
<tr>
<td></td>
<td>Truth in Lending Statement (TIL)</td>
</tr>
<tr>
<td></td>
<td>Right of Rescission</td>
</tr>
<tr>
<td></td>
<td>Advertising</td>
</tr>
<tr>
<td></td>
<td>Mortgage Disclosure Improvement Act Amendments</td>
</tr>
</tbody>
</table>

Lunch break---------

<table>
<thead>
<tr>
<th>Real Estate Settlement Procedures Act (RESPA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Covered Transactions</td>
</tr>
<tr>
<td>RESPA Provisions</td>
</tr>
<tr>
<td>Required Disclosures</td>
</tr>
<tr>
<td>Good Faith Estimate (GFE)</td>
</tr>
<tr>
<td>Uniform Settlement Statement</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Homeowners Protection Act (HPA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disclosure Provisions of the HPA</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fair Credit Reporting Act (FCRA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer Rights</td>
</tr>
<tr>
<td>Consumer Reporting Agency Obligations</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fair and Accurate Credit Transaction Act (FACT Act)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provisions of the FACT Act</td>
</tr>
<tr>
<td>Red Flags Rules</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Gramm-Leach-Bliley Act (GLB Act)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Privacy Rule</td>
</tr>
<tr>
<td>Safeguards Rule</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>The National Do Not Call Registry</th>
</tr>
</thead>
</table>
Established Business Relationship

Civil Rights Act of 1866
   Enforcement

Fair Housing Act
   Fair Housing Act Exemptions
   Fair Housing Violations
   Discrimination in Mortgage Lending
   Discriminatory Practices
   Enforcement

Equal Credit Opportunity Act (ECOA)
   ECOA Requirements
   Enforcement

Home Mortgage Disclosure Act (HMDA)
   Covered Properties
   Data Reporting

Home Ownership and Equity Protection Act (HOEPA)
   High Cost Loan Triggers
   Prohibited Practices
   Required Disclosures

Higher-Priced Loans
   Definition
   Restrictions

The SAFE Mortgage Licensing Act
   Objectives of the SAFE Act
   SAFE Act Licensing Requirements

Break------------

Real Estate Finance Instruments
(Chapter 5)
   Elective
50 Minutes

Finance Instruments
   Promissory Notes
   Negotiable Instruments

Security Instruments
   Trust Deeds
   Mortgages
   Judicial Foreclosure Procedure

Typical Clauses in Finance Instruments
   Acceleration Clause
   Alienation Clause
   Defeasance Clause
   Partial Release, Satisfaction, or Conveyance Clause
   Prepayment Clause
   Subordination Clause
   Other Mortgage Clauses and Covenants

Types and Features of Mortgages
   Purchase Money Mortgage
Cash-Out Mortgage
Refinance Mortgage
Home Equity Loan, Home Equity Line of Credit
Blanket Mortgage
Bridge Mortgage
Graduated Payment Mortgage (GPM)
Open-End Mortgage
Package Mortgage
Reverse Mortgage
Equity Participation Mortgage
Wraparound Mortgage
Construction Mortgage

Land Contracts

Conventional Financing
(Chapter 6)
Elective
100 Minutes

Conventional Loans
Traditional Conventional Loans
15-Year Mortgage Loans
Conforming versus Nonconforming Loans

Conventional Loan Programs
80% LTV Conventional Loan
Higher LTV Loans

Private Mortgage Insurance (PMI)
How Mortgage Insurance Works
PMI Premiums
PMI Cancellation

Secondary Financing
Combined Loan-to-Value (CLTV)
Conditions
Lender First and Lender Second
Repayment Methods on Second Mortgages
Assumption of Conventional Loans

Mortgage Exercise

Day 2:
Government-Sponsored Loan Programs
(Chapter 7)
Elective
100 Minutes

Federal Housing Administration (FHA) Insured Loans
Mutual Mortgage Insurance Fund
FHA Underwriting Standards
Property Guidelines for FHA Loans
FHA Loan Regulations
Mortgage Insurance Premium
Seller Contribution Limits
Prepayment Penalties
FHA Loan Programs

VA-Guaranteed Loans
Loan Limits for VA Loans
Borrower Guidelines for VA Loans
Qualifying Standards
Property Guidelines for VA Loans
Entitlement
VA Loan Regulations
VA Loan Programs

Comparison of FHA and VA Qualifying Standards
USDA Rural Development Programs
Section 502 Loans

Mortgage Exercises

Nontraditional Mortgage Products
(Chapter 8)

Non-Traditional Mortgage Products
100 Minutes

The Use of Nontraditional Mortgage Products
Lender’s Yield
Buydown Plans
Seller Paid Buydowns
Permanent Buydown
Temporary Buydown
Limits on Seller-Paid Points and Other Considerations

Adjustable Rate Mortgages (ARMs)
How ARMs Work
ARM Standardization
ARM Disclosures
ARM Programs

Subprime Loans
Assessing Risk

Interagency Guidelines
Guidance on Nontraditional Mortgage Products
Statement on Subprime Mortgage Lending

Structured Mortgages
Variable Balance Mortgage (VBM)
Bi-Weekly Mortgage
Growth Equity Mortgage (GEM)
Reduction Option Mortgage
Reverse Mortgage
Shared Appreciation Mortgage (SAM)

Seller Financing
Purchase Money Mortgage
Assumption
Seller-Sponsored Wraparound Financing
Purchase Money Second Mortgage
Land Contracts
Land Contract with Assumption of an Existing Mortgage

Other Forms of Creative Financing
Lease/Options
Lease/Purchases
Equity Exchanges
Participation Plans

Homebuyer Assistance Programs
Mortgage Exercises

Break---------

Legal Concepts in Real Estate
(Chapter 9)
Elective
25 Minutes

Basic Civil Law Concepts
Contracts
Torts
Property

Legal Concepts Affecting Property Value
Real Property or Personal Property
Legal Considerations
Real Property Rights
Appurtenances

Public and Private Restrictions
Public Restrictions
Private Restrictions
Interference with Property Rights

Interests in Real Property
(Chapter 10)
Elective
50 Minutes

Deeds
Requirements of a Valid Deed
Warranty Deeds
Deeds without Warranties

Evidence of Marketable Title
Public Records
Notice
Chain of Title
Race Notice Rule
Marketable Title Act

Title Insurance
Types of Title Insurance Policies
American Land Title Association (ALTA)
Abstract of Title

Forms of Ownership
Ownership in Severalty
Co-Ownership

Possessory Interests in Property
Freehold Estates
Leasehold Estates

Ownership by Organizations
Sole Proprietorship
Partnerships.
Corporations
Condominiums, Cooperatives, and Townhomes

**Non-Possessory Interests: Easements**
Types of Easements
Creation of Easements
Terminating Easements

**Financial Encumbrances: Liens**
Voluntary Liens: Mortgages
Involuntary Liens
Lien Priority

**The Value of Real Estate**
*(Chapter 11)*
*Elective*
25 Minutes

**Characteristics of Real Estate**
Value Characteristics
Physical Characteristics
Property-Specific Factors Affecting Real Estate Value
Economic Factors Affecting Real Estate Value

**Defining Market Value**

**Making Land More Valuable**
Assemblage and Plottage
Value of Frontage

**Lunch Break---------**

**Understanding Appraisals**
*(Chapter 12)*
*Elective*
50 Minutes

**Real Estate Appraisal**
Appraisal Approaches
Uniform Standards of Professional Appraisal Practice (USPAP)
The Uniform Residential Appraisal Report (URAR)

**The Sales Comparison Approach**
Substitution and the Typical Buyer
Adjusting Comparable Sales
Limits on Adjustments
Sequence of Adjustments

**Reasearching the Sale and Transfer of Properties**
Transfer History of the Subject
Transfer History of the Comparables

**Reconciliation and Indicated Value**
Sales Comparison Opinion of Value
Final Reconciliation on the URAR Form
Market Value
Indicated Value Range
“As Is”

**Automated Valuation Models (AVM)**
Form 2075

**Home Valuation Code of Conduct (HVCC)**
Enforcement
Criticism of HVCC
Ethics in the Mortgage Lending Profession (Chapter 13)  
Ethics  
150 Minutes  
Break  

Ethical and Legal Considerations  
National Association of Mortgage Brokers Code of Ethics  
Ethics in Advertising  

Discrimination  
Protected Classes  
Prohibited Practices  
Other Types of Discrimination  

Disclosure and Privacy  
Truth in Lending Act (Regulation Z)  
Real Estate Settlement Procedures Act (RESPA)  
Gramm-Leach-Bliley Act  
Fair Credit Reporting Act and the FACT Act  

Mortgage Fraud  
Red Flags of Mortgage Fraud  
Fraud Participants  
Flipping  
Other Types of Mortgage Fraud  

Predatory Lending  
Excessive Fees  
Common Predatory Lending Ploys  
Indicators of Predatory Lending  
Anti-Predatory Lending Laws  

Class Case Study and Discussion  

Final Exam
Course Learning Objectives

Upon completion of this course, students will be able to:

- Discuss disclosure provisions of federal laws related to mortgage lending.
- Identify procedures to protect the privacy of consumers as required by federal law.
- Define education requirements for mortgage lending professionals.
- Define ethics and discuss the purpose of codes of ethics.
- Discuss various anti-discrimination laws.
- Identify protected classes and practices in relation to fair housing and lending.
- Recognize indicators of mortgage fraud.
- Identify predatory lending practices.
- Identify the characteristics of a conventional loan.
- Contrast conforming and nonconforming loans.
- Identify qualifying standards for FHA-insured loans.
- Identify qualifying standards for VA-guaranteed loans.
- Identify guaranteed and direct loan options available through Rural Development.
- Describe the advantages and disadvantages of buy-down plans.
- Identify the elements that make up an adjustable rate mortgage.
- Discuss agency guidelines on lending and subprime loans.
- Identify historical events affecting today’s mortgage industry.
- Contrast the primary mortgage market and secondary mortgage market.
- Define the various roles that mortgage professionals play.
- Identify the steps in the loan process.
- Discuss the information necessary to complete a standard loan application.
- Identify criteria for evaluating borrowers.
- Calculate income and total debt ratios.
- Define the purpose of different types of mortgages.
- Identify typical mortgage clauses.
- Discuss the use of private mortgage insurance.
- Identify the essential elements of a valid contract.
- Distinguish among the different forms of deeds.
- Discuss various types of liens and easements and their impact on property.
- Describe how several broad factors and specific principles impact the value of property.
- Identify the steps necessary to complete a real estate appraisal.
- Contrast the three appraisal approaches used to arrive at an opinion of value.
Course Policies

Attendance Policy
Students are required to attend for 100% of the approved time to ensure quality understanding of all concepts and compliance with NMLS rules. Upon logging into the online platform the instructor or facilitator will authenticate each student’s identity by asking each to hold up their government-issued ID while showing their face in the webcam. If necessary, this step can be repeated at random intervals throughout the class (i.e. returning from breaks). The instructor, or the facilitator for larger classes, will monitor the attendance of students in the online observation window. There is also an “in focus” feature that allows the instructor to verify that the student is looking at the course and not something else on the computer. When a student is found to not be “in focus” the instructor may require the student to reply to an inquiry through private chat or audio. If necessary, the student may be found to not be in compliance with attendance guidelines, and may be removed from the class and not receive credit.

Evidence of Satisfactory Course Completion
Determining successful completion of the course includes: attending the classroom for 100% of the time, actively participating in class discussions and passing a final examination with at least a 70%. Those not passing the exam on first attempt will have a chance to retest with a second test.

End-of-Course Completion Requirements
Students are required to complete an evaluation on all aspects of the course (instructor, content, delivery method), at the end of the class, regardless of successful completion.

Classroom Rules/Policies
The environment that the instructor, and each student, chooses to use for class participation must meet requirements that are in place to lessen distractions for each of those involved. The instructor must ensure they are in a location where lighting is good, there is little chance for noisy disruptions, and where students are able to hear them clearly. The student must ensure that the space in which they are taking the course from is free of clutter and distraction, and that they are properly attired.

Course Platform
The course will be presented through an online webinar through iLinc with you in one location and your instructor and other classmates in a separate location. The platform allows attendance monitoring, audio through VOIP or conference call, live video stream of instructor and all materials (PowerPoint, etc.), chat, quizzes, discussions and, lastly, the final exam. On the evening prior to the first day of class, a “test session” will be held to familiarize all students with the platform and to address any issues that may arise.