

**Applying Mortgage Knowledge to Exam Preparation:  
Federal Mortgage-Related Laws**  
Test Prep Study Sheet



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**Real Estate Settlement Procedures Act (RESPA)/Regulation X**

**Equal Credit Opportunity Act (ECOA)/Regulation B**

**Truth-in-Lending Act (TILA)/Regulation Z**

TILA/Regulation Z

Home Ownership and  
Equity Protection Act  
(HOEPA Section 32)

Higher-Priced Mortgage  
Loans

The Loan Originator  
Compensation Rule

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**TILA-RESPA Integrated Disclosure Rule (TRID)**

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**Other Federal Laws and Guidelines**

Homeowners Protection Act

Secure and Fair Enforcement for Mortgage Licensing Act

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|---|--|
|   |  |
| <p>Home Mortgage<br/>Disclosure Act</p> |  |

Fair Credit Reporting Act

Fair and Accurate Credit  
Transactions Act of 2003



FTC Red Flags Rule

The Dodd-Frank Wall  
Street Reform and  
Consumer Protection Act

The USA PATRIOT Act

The Bank Secrecy Act/  
Anti-Money Laundering

The Gramm-Leach-Bliley Act

Mortgage Acts and Practices Rule

|   |  |
|---|--|
| Electronic Signatures in Global and National Commerce Act |  |
| Privacy Protection/<br>Do-Not-Call                        |  |

**The Ability to Repay (ATR) and Qualified Mortgage (QM) Rules**

The Ability to Repay  
(ATR) Rule

The Qualified  
Mortgage (QM)  
Rule

**Regulatory Authority**

The Consumer  
Financial Protection  
Bureau (CFPB)

The Department of  
Housing and Urban  
Development (HUD)

# Applying Mortgage Knowledge to Exam Preparation: General Mortgage Knowledge Test Prep Study Sheet



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## General Mortgage Knowledge

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## Qualified and Non-Qualified Mortgage Programs

|                     |  |
|---------------------|--|
| Qualified Mortgages |  |
|---------------------|--|

|                            |  |
|----------------------------|--|
|                            |  |
| Non-Qualified<br>Mortgages |  |



Conventional  
Mortgages

Non-Conforming  
Mortgages

|                                       |  |
|---------------------------------------|--|
|                                       |  |
| Non-Conventional/<br>Government Loans |  |

FHA Loans

VA Loans

USDA/RHS Loans

**Guidances**

**Mortgage Loan Products**

Fixed-Rate Loans

Adjustable-Rate  
Mortgages (ARMs)

High-Cost  
Mortgage Loans

Higher-Priced Mortgage  
Loans

|                  |  |
|------------------|--|
|                  |  |
| Second Mortgages |  |

Balloon Mortgages

Reverse Mortgages



|                                |  |
|--------------------------------|--|
|                                |  |
| Home Equity Lines<br>Of Credit |  |

Construction Loans

Interest-Only Loans

|                                 |  |
|---------------------------------|--|
| Other Mortgage Loan<br>Products |  |
|---------------------------------|--|

**Terms Used in the Operation of the Mortgage Market**

Loan Terms

Disclosure  
Terms

Financial Terms

General Terms

# Applying Mortgage Knowledge to Exam Preparation: Mortgage Loan Origination Activities

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### Application Accuracy and Required Information

|                           |  |
|---------------------------|--|
| The Application Interview |  |
|---------------------------|--|

### Completing the Mortgage Loan Application

|  |  |
|--|--|
| Section I: Type of Mortgage and Terms of Loan        |  |
| Section II: Property Information and Purpose of Loan |  |

|  |  |
|--|--|
| Section III: Borrower Information                                  |  |
| Section IV: Employment Information                                 |  |
| Section V: Monthly Income and Combined Housing Expense Information |  |
| Section VI: Assets And Liabilities                                 |  |

|   |  |
|---|--|
| Section VII: Details<br>Of Transaction                          |  |
| Section VIII: Declarations                                      |  |
| Section IX:<br>Acknowledgment and<br>Agreement                  |  |
| Section X: Information for<br>Government Monitoring<br>Purposes |  |
| Incomplete Information<br>and Loan Status<br>Notification       |  |



**Verification and Documentation**

Verification and  
Documentation

Verification of Income  
and Assets

|  |  |
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|  |  |
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**Suitability of Products and Programs**

|  |  |
|--|--|
| The Ability to Repay Rule and Loan Suitability |  |
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**Disclosures**

|   |  |
|---|--|
| Informational Disclosures to Educate the Consumer |  |
|---|--|

|   |  |
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|   |  |
| Disclosures to Inform<br>The Consumer<br>about the Costs<br>of a Loan         |  |
| Disclosures to Advise<br>Consumers of Risky<br>Lending Terms<br>Or Agreements |  |

|  |  |
|--|--|
| <p>Disclosures to Alert Consumers of Their Rights</p>                        |  |
| <p>Disclosures to Alert Consumers about the Status of a Loan Application</p> |  |
| <p>Disclosures Relating to Loan Servicing</p>                                |  |
| <p>Disclosures Related To Reverse Mortgage Loans</p>                         |  |

|                 |  |
|-----------------|--|
| Delivery Method |  |
|-----------------|--|

**Qualification: Processing and Underwriting**

|                        |  |
|------------------------|--|
| Assets and Liabilities |  |
| Income                 |  |

Verification of  
Income and  
Employment

Borrower Use of Gift  
Funds

Simultaneous Loans

Income  
Calculations

|                     |  |
|---------------------|--|
|                     |  |
| Income Calculations |  |



|               |  |
|---------------|--|
|               |  |
| Credit Report |  |

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**Qualifying Ratios**

|                   |  |
|-------------------|--|
| Defining Capacity |  |
|-------------------|--|

Evaluating Applicants Using the Front End Ratio

Evaluating Applicants Using the Back End Ratio

Using the Appraisal to Calculate the LTV Ratio

|                              |  |
|------------------------------|--|
|                              |  |
| Combined Loan-to-Value Ratio |  |
| High Loan-to-Value Ratio     |  |

**The Ability to Repay and Qualified Mortgage Rules**

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|---|--|
| The Ability to Repay and Qualified Mortgage Rules |  |
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**Tangible Net Benefits**

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|-----------------------|--|
| Tangible Net Benefits |  |
|-----------------------|--|

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**Appraisals**

|   |  |
|---|--|
| URAR/1004   |  |
| Appraisal Approaches  |  |
| Special Appraisal Requirements for Higher-Priced Mortgage Loans |  |

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**Underwriting**

|  |  |
|--|--|
| Underwriting                                 |  |
| Lock-In Agreements                           |  |
| Float Agreements                             |  |
| Income Analysis                              |  |
| Assets – Cash to<br>Close the<br>Transaction |  |

|                                    |  |
|------------------------------------|--|
|                                    |  |
| The Subject<br>Property Collateral |  |
| Common<br>Underwriting Pitfalls    |  |



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**Title and Insurance**

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|-----------------|--|
| Title Insurance |  |
|-----------------|--|

|                       |  |
|-----------------------|--|
| Key Elements of Title |  |
|-----------------------|--|

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**Insurance: Hazard, Flood, Mortgage**

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|--------------------|--|
| Mortgage Insurance |  |
| Hazard Insurance   |  |

|                 |  |
|-----------------|--|
| Flood Insurance |  |
|-----------------|--|

**Closing**

|                           |  |
|---------------------------|--|
| Title and Title Insurance |  |
|---------------------------|--|

|               |  |
|---------------|--|
| Closing Agent |  |
|---------------|--|

|                                   |  |
|-----------------------------------|--|
| Explanation of Fees and Documents |  |
|-----------------------------------|--|

|           |  |
|-----------|--|
|           |  |
| Funding   |  |
| Servicing |  |

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**Financial Calculations Used in Mortgage Lending**

|                   |  |
|-------------------|--|
| Periodic Interest |  |
| Interest Per Diem |  |

|   |  |
|---|--|
|   |  |
| Payments (PITI,<br>Mortgage<br>Insurance) |  |

|                                      |  |
|--------------------------------------|--|
| Down Payment                         |  |
| Loan-to-Value (LTV, CLTV, Total LTV) |  |
| Debt-to-Income (DTI) Ratios          |  |

|  |  |
|--|--|
|  |  |
| Temporary and Fixed Interest Rate Buy-Down (Discount Points) |  |
| Closing Costs and Prepaid Items                              |  |
| ARMs (e.g., Fully-Indexed Rate)                              |  |



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|---|--|
|   |  |
| Qualified Mortgage<br>Monthly Payment<br>Calculations |  |

# Applying Mortgage Knowledge to Exam Preparation: Ethics

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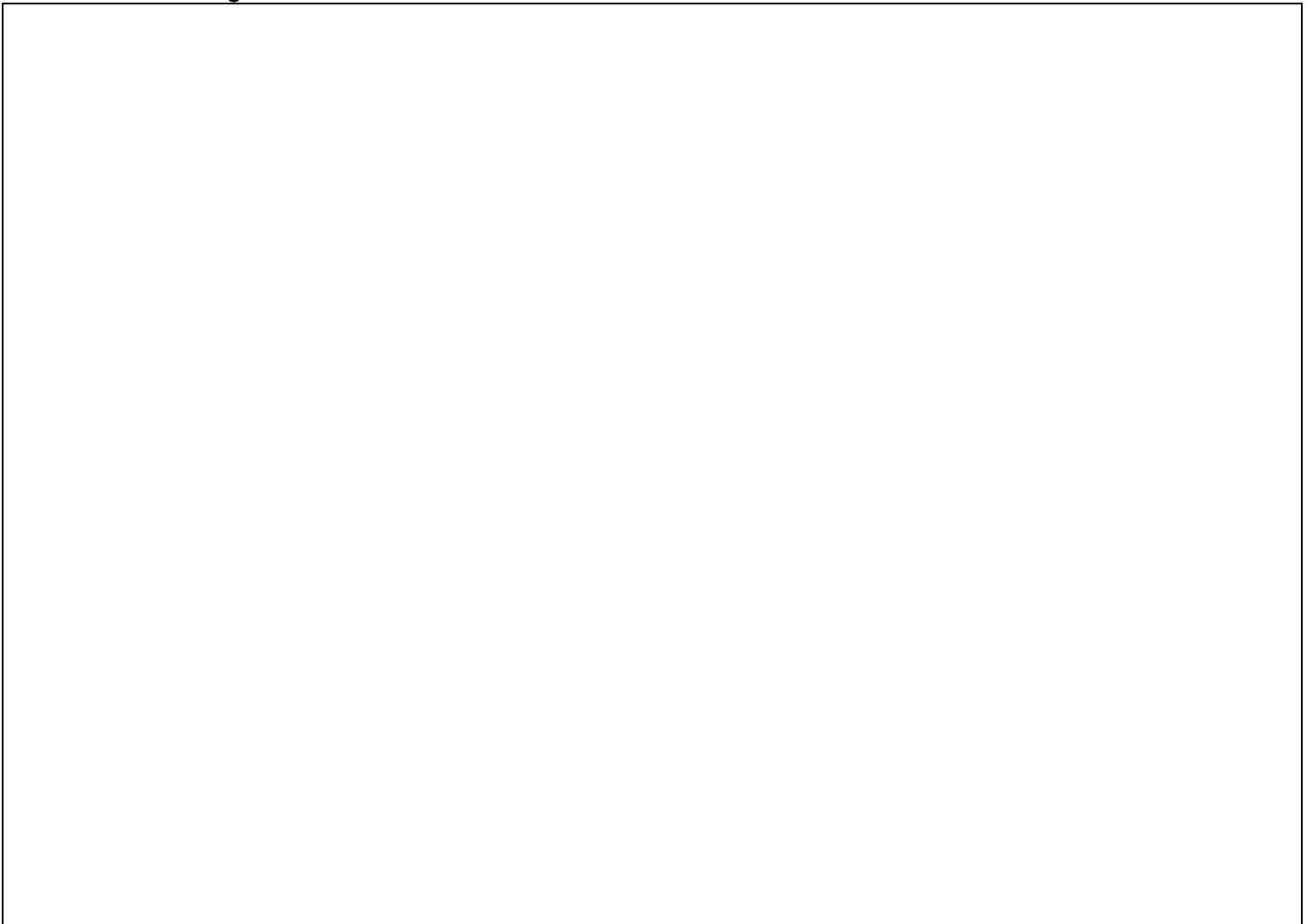
### **Ethical Issues Related to Federal Lending Laws**

### **Two Types of Mortgage Fraud**

## The Real Estate Settlement Procedures Act



**The Truth-in-Lending Act**





**The Gramm-Leach-Bliley Act**



**Anti-Discrimination in Mortgage Transactions**

The Equal Credit Opportunity Act

The Fair Housing Act

|  |  |
|--|--|
| Expanding Anti-Discrimination Measures |  |
|--|--|

**Ethical Behavior Related to Loan Origination Activities**

|  |  |
|--|--|
| Roles and Responsibilities of Mortgage Professionals |  |
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|                                  |  |
|----------------------------------|--|
| Participants in the Loan Process |  |
|----------------------------------|--|

|  |  |
|--|--|
|  |  |
| General Business Ethics                  |  |
| Ethical Conduct in the Appraisal Process |  |



|   |  |
|---|--|
|   |  |
| Financial Responsibility                        |  |
| Unfair, Deceptive, or Abusive Acts or Practices |  |

|                              |  |
|------------------------------|--|
|                              |  |
| Company Compliance           |  |
| Relationships with Consumers |  |

|                              |  |
|------------------------------|--|
|                              |  |
| Handling Consumer Complaints |  |
| Consumer Education           |  |

|                               |  |
|-------------------------------|--|
|                               |  |
| Ethical Behavior of Consumers |  |

**Fraud Detection, Reporting, and Prevention**

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|            |  |
|------------|--|
| Mail Fraud |  |
|------------|--|

|            |  |
|------------|--|
| Bank Fraud |  |
|------------|--|

|   |  |
|---|--|
| Conspiracy  |  |
| Money Laundering                                  |  |
| Liability Fraud                                   |  |
| False Statements to a Financial Institution       |  |
| Fraud in Connection with Identification Documents |  |

|   |  |
|---|--|
|   |  |
| The Consequences of Mortgage Fraud                              |  |
| Techniques for Mortgage Professionals to Use in Detecting Fraud |  |