

BUTTE COLLEGE

COURSE OUTLINE

I. CATALOG DESCRIPTION

RLS 60 - Real Estate Mortgage Brokerage

3 Unit(s)

Prerequisite(s): RLS 20 (or concurrent enrollment)

Recommended Prep: NONE

Transfer Status: CSU

51 hours Lecture

The course is an introduction to Mortgage Brokerage: how it works and how mortgage brokers can assist home-buyers in finding the right loan. Topics include the Secure and Fair Enforcement (SAFE) Act (signed into law as part of the Housing and Economic Recovery Act (HERA) of 2008) and the Dodd-Frank Act and their impacts on mortgage lending practices and professionals, including the new professional designation of Mortgage Loan Originator (MLO). This course can fulfill an elective course requirement of the California Department of Real Estate (DRE) for those taking the Real Estate Salesperson and Broker Exams.

II. OBJECTIVES

Upon successful completion of this course, the student will be able to:

- A. Identify federal organizations that are key players in the mortgage marketplace.
- B. Describe key components to loans applications, loan packages and closing loan transactions.
- C. Construct a sample loan package for review by a broker.
- D. Compare and contrast government loans and non-government mortgages.
- E. Estimate Federal and State income tax advantages for home owners.
- F. Identify and describe mortgage fraud and foreclosure issues, such as falsifying information on mortgage loan applications, mishandled loan modifications and procedural defects in the foreclosure process.
- G. Analyze the ethical considerations associated with working within the Mortgage Brokerage business.
- H. Explain the provisions of the Secure and Fair Enforcement (SAFE) Act, signed into law as part of the Housing and Economic Recovery Act (HERA) of 2008, including its requirements relating to transparency and full disclosure.

III. COURSE CONTENT

A. Unit Titles/Suggested Time Schedule

Lecture	
<u>Topics</u>	<u>Hours</u>
1. The Mortgage Broker	3.00
2. The Mortgage Marketplace (Including Discussion of Impact of the Secure and Fair Enforcement (SAFE) Act)	4.00
3. Getting Started as a Loan Agent	3.00
4. The Primary Mortgage Market	4.00
5. The Secondary Mortgage Market	4.00
6. Interviews with the Loan Applicant	4.00
7. The Loan Application	3.00
8. Loan Applications Disclosures	4.00
9. The Art of Packaging a Loan	4.00
10. Closing the Loan	4.00

11. Government-Sponsored Financing	4.00
12. Tax Advantages of Home Ownership	3.00
13. Property Appraisal and Insurance	3.00
14. Mortgage Fraud and Foreclosure	4.00
Total Hours	51.00

IV. **METHODS OF INSTRUCTION**

- A. Lecture
- B. Guest Speakers
- C. Field Trips
- D. Homework: Students are required to complete two hours of outside-of-class homework for each hour of lecture
- E. Discussion
- F. Demonstrations
- G. Reading Assignments

V. **METHODS OF EVALUATION**

- A. Exams/Tests
- B. Quizzes
- C. Papers
- D. Projects
- E. Homework

VI. **EXAMPLES OF ASSIGNMENTS**

- A. Reading Assignments
 1. Read the text material about the Secure and Fair Enforcement (SAFE) Act, signed into law as part of the Housing and Economic Recovery Act (HERA) of 2008. Identify the purposes of the SAFE Act and the minimum standards it establishes for state licensing and registration of residential Mortgage Loan Originators (MLOs) and be prepared to present what you learned in class.
 2. Read the text material about the Dodd-Frank Act, and search for pertinent information online. Prepare for in-class discussion of its impacts on mortgage brokers, including ongoing professional development and certification requirements.
- B. Writing Assignments
 1. Research, then write a 2-3 page paper about the differences between a mortgage broker and a retail lender. From a borrower's perspective, what are the advantages and disadvantages of each?
 2. Interview a mortgage broker, using the interview outline provided. Write a 3-5 page paper detailing your findings.
- C. Out-of-Class Assignments
 1. Prepare a sample loan package (approximately 65 pages) containing all documentation generated from the client interview through the closure, in the correct stacking order.
 2. Complete assigned ratio problems relating to a prospective borrower's income. Present your computations in a spreadsheet, making sure to clearly identify various debts and sources of income, as well as the ratio calculations. You will submit a 1 page grid with 8-10 pages of addenda.

VII. **RECOMMENDED MATERIALS OF INSTRUCTION**

Textbooks:

- A. Grogan, D.L and Chambers, M.C.. California Mortgage Loan Brokering and Lending. 4th

Edition. Cengage Publishing, 2011.
B. Andrew, T. B., & Williams, M. R.. California Mortgage Loan Brokerage. Dearborn, 2008.

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