



## HOME FINANCE RESOURCE CERTIFICATION COURSE (V1.0)

### COURSE DESCRIPTION AND TOPIC OUTLINE

#### Course Description

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This course will teach you how to guide your buyers through the mortgage preapproval process by, for example, creating a mortgage application checklist with all of the documents they'll need. The course also covers resources for addressing low credit scores, alternative financing options like first-time homebuyer assistance or low down payment programs, and how to avoid the most common mortgage sticking points in a transaction. For example, the mortgage preapproval—not just prequalification—has become key for buyers competing against multiple offers in today's market.

#### Learning Objectives

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##### Module 1: Mortgage Finance: Key to a Competitive Edge

- Explain the importance of understanding all aspects of mortgage finance to add value for your clients and grow a thriving real estate business.
- Define the terms and concepts integral to mortgage finance.
- Summarize the history of financing homes in the United States.

##### Module 2: Fair Housing and NAR Ethics

- Explain how the Fair Housing Act (FHA) and the Equal Credit Opportunity Act (ECOA) work to provide equal opportunity to housing and fair, unbiased access to financing for all potential homebuyers.
- Summarize why it's important for real estate professionals to have detailed knowledge of the FHA and ECOA and how it can help their business.
- Describe how real estate professionals can practice NAR ethical principals in their business to enhance client outcomes and achieve increased success.

### **Module 3: Current Market Conditions and Application Requirements**

- Explain the factors that are contributing to today's housing market conditions, as well as reasons for optimism and caution.
- Describe the state of mortgage lending today and the effect it has on the housing market generally, as well as individual home buyers.
- Create a mortgage application checklist that you can share with clients to help them better navigate the loan process.

### **Module 4: Types of Mortgage Products**

- Distinguish between conventional versus government-backed mortgages, as well as the different types of government-backed mortgages.
- Explain the pros and cons of fixed versus adjustable-rate mortgages, as well as jumbo and reverse mortgages.
- Create educational aids to help clients better understand the mortgage market and set your business apart from the rest.

### **Module 5: Types of Lenders and Mortgage Process**

- Explain how the mortgage industry works and the process for applying for and getting approved for a mortgage.
- Describe the different types of lenders available to clients, as well as their rights to privacy and confidentiality.
- Create learning aids that you can use to help empower and educate your clients, while also gaining a competitive advantage in your market.

## Module 6: Pro Tips to Help Your Client

- Explain how to help protect your client from lending discrimination as well as how to navigate the mortgage process generally.
- Discuss the importance of pre-approval and how clients should manage their finances after being preapproved through to closing.
- Provide troubleshooting tips for clients with low credit scores, who don't understand how to assess loan estimates, or who have a lender appraisal come in too low.

## Topic Outline

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### Module 1: Mortgage Finance: Key to a Competitive Edge

- A. Why Is Learning About Mortgage Finance Important for Your Business?
- B. General Concepts and Terms
- C. Brief History of the Mortgage Market
  - i. The Great Depression and the Start of the Modern Mortgage Market: The 1930s
  - ii. Post World War II and Housing Boom: The 1940s and 50s
  - iii. Civil Rights and the Fair Housing Act: The 1960s and 70s
  - iv. Increasing Mortgage Options, Volatility, and Debt: The 1980s and 90s
  - v. The Housing Crisis and Its Aftermath: The 2000s and 10s

### Module 2: Fair Housing and NAR Ethics

- A. The Fair Housing Act: A Closer Look
  - i. Protected Classes
  - ii. Sexual Orientation and Gender Identity: 2021 Updates
  - iii. Modifications/Accommodations for People with Disabilities
  - iv. Prohibitions of the Fair Housing Act
  - v. Exemptions Under the Fair Housing Act

- B.** Equal Credit Opportunity Act (ECOA): 2021 Updates
  - i.** Exceptions to Regulation B
  - ii.** Additional Laws that Impact Real Estate Transactions
- C.** NAR: Working to Bring Fair Housing to All
  - i.** NAR's Fair Housing Action Plan (ACT)
  - ii.** Fair Housing Declaration
  - iii.** The Equal Professional Service Model
- D.** NAR's Code of Ethics: 2021 Updates

### **Module 3: Current Market Conditions and Application Requirements**

- A.** Increasing Housing Demand and Prices
- B.** Experts Say Risk of Housing Crash Is Low
- C.** Cautions to be Aware of
- D.** Underwriting Requirements Today: Applying for a Loan
  - i.** General Mortgage Application Information
  - ii.** Income Verification Documents
  - iii.** Savings, Investments, and Debt Verification Documents
  - iv.** Credit Report
  - v.** Additional Documents and Information

### **Module 4: Types of Mortgage Products**

- A.** Conventional Versus Government-Backed Mortgages
  - i.** Types of Government-backed Housing Loans
- B.** Conforming Versus Nonconforming Loan
- C.** Fixed Versus Adjustable-Rate Mortgage
- D.** Other Types of Mortgages
  - i.** Jumbo Mortgages
  - ii.** Reverse Mortgages
  - iii.** HELOCs and Home Equity Loans

## **Module 5: Types of Lenders and Mortgage Process**

- A.** Overview of the Mortgage Financing Industry
- B.** Types of Lenders
  - i.** Mortgage Lender Versus Mortgage Broker
  - ii.** Mortgage Brokers
  - iii.** Mortgage Companies (Mortgage Banks)
  - iv.** Traditional Banks (or Depository Institutions)
  - v.** Credit Unions
  - vi.** Other Lender Types to Know
- C.** Mortgage Process: Steps to Financing a New Home
  - i.** Step 1: Pre-approval
  - ii.** Step 2: Search for Home and Sign a Purchase Agreement
  - iii.** Step 3: Additional Examination of Finances
  - iv.** Step 4: Lender Appraisal
  - v.** Step 5: Title Search and Insurance
  - vi.** Step 6: Closing
- D.** Privacy and Confidentiality
  - i.** Privacy – Not Everything Is Private
  - ii.** Confidentiality – Who needs to know and what do they need to know?
  - iii.** Summing up Privacy and Confidentiality

## **Module 6: Pro Tips to Help Your Client**

- A.** Protecting Your Client from Lending Discrimination
- B.** General Tips for Navigating the Mortgage Process
- C.** Helping Clients Distinguish Pre-Qualified Versus Preapproved
- D.** The Sniff Test: Ensuring Pre-approval Is Actually Pre-approved!
  - i.** Develop Relationships with Lenders

**E. Managing Finances After Pre-Approval**

- i.** Avoid Large Purchases
- ii.** Do Not Change Banks or Bank Accounts
- iii.** Avoid Unverifiable, Large Deposits
- iv.** Do Not Open New Credit Lines or Pay Off Large Credit Card Debt
- v.** Additional Considerations

**F. Credit Rating and How to Improve It**

- i.** FICO Credit Rating Scale
- ii.** The Pieces of the Credit Puzzle
- iii.** Strategies to Improve Credit Rating

**G. Comparing Loan Estimates**

**H. If the Home Appraisal Derails Process**

**I. Explaining Consumer Disclosures**