mpf Mortgage Partnership Finance™
UNIVERSITY

With over 170 courses to choose from, MPF® University provides learning opportunities for many different roles within the mortgage industry. This guide is designed to assist you with your training and development efforts by laying out suggested course paths for loan originators, processors and underwriters. Please note that the paths noted in this guide are only suggestions meant to simplify the task of selecting relevant courses. Your individual learning and development goals may spread beyond these recommended courses. We encourage you to explore and take advantage of the various learning opportunities that MPF University has to offer.

The time required to complete the courses will vary for each participant. Course progress will save, allowing participants to complete courses over multiple sessions.

LOAN ORIGINATOR / LOAN OFFICER

Note: Some of the courses listed cover general industry and loan processing/orgination information that may be more suitable for new loan originators. Loan originators may also benefit from the courses in both the Processor and Underwriter sections.

Loan Production Basics   RC_GO_100.2

This course presents an overview of the loan production process. It begins with a review of the goals of loan production including creating investor acceptable loans and protecting the consumer. After taking a broad look at the functions of loan production, the course takes a closer look at important concepts, responsibilities, and success strategies related to the roles of origination, processing, underwriting, and closing. From there the course looks at common loan programs and financing terms. Finally, we end the course with a look at the laws and regulations that impact loan production.

Generating Purchase Business for Mortgage Loan Originators   RC_LP_O_200.3

The *Generating Purchase Business for Mortgage Loan Originators (MLOs)* course provides mortgage loan originators with marketing strategies used to stimulate purchase money business. This course provides training on the various avenues for creating referrals and provides specific techniques for generating leads from each of those relationships. As part of the course, each student completes a personalized lead generation plan, which documents the student's own personal strategy to increase purchase business and generate leads.

TRID Compliance Basics   RC_RC_GO_300.1

The goal of this course is to describe the TILA-RESPA Integrated Disclosure (TRID) rule and its requirements. TRID Compliance Basics begins with an overview of the TRID rule, explaining the background and scope of the rule and introducing the related disclosures. The course then presents the Loan Estimate and Written List of Providers forms, describing pre-disclosure requirements and restrictions.

Next, the course addresses the tolerance rules that govern acceptable variances between the Loan Estimate and the Closing Disclosure along with the circumstances that require re-disclosure. Toward the end of the course, the Closing Disclosure form and associated timing and delivery requirements are presented.

The course concludes with a discussion of enforcement and liability related to TRID.

Introduction to Compliance in Loan Origination   RC_RC_LP_200.1

The *Introduction to Compliance in Loan Origination* course begins with a history of regulatory compliance laws that regulate mortgage lending. The module then provides an overview of licensing laws, disclosure laws, fair lending or anti-discrimination laws, privacy and consumer identification laws, and predatory lending laws. The course closes with an examination of how these laws are enforced and the roles of the Dodd-Frank Act and the Consumer Financial Protection Bureau.

Introduction to Fair Lending   RC_RC_LP_201.1

In this course, we look at circumstances that necessitated the legislation of fair lending practices. The laws that work to prevent discrimination in lending are briefly described. We identify the principles of quality of assistance that will improve a customer's perception of his or her treatment by a mortgage lender. Finally, the categories of discrimination addressed within fair lending regulations are examined.

The Loan Application for Processors   RC_LP_P_200.2

The *Loan Application for Processors* course takes a detailed look at this critical document. It begins with a description of the basic loan application process and the importance of the initial and final applications. An overview of the primary components of the loan application is provided. The sections of the loan application are covered as well as the most important fields a processor should be cognizant of.

Each section of the Uniform Residential Loan Application and the implications for processing are analyzed.

Verification and Supporting Documentation   RC_LP_P_200.3

The Verification and Supporting Documentation course explores the various practices to ascertain the creditworthiness of a future borrower. It begins with a look at the basic steps of verification. The course reviews fraud and what to look for in order to detect fraud including specific items on the application and other information related to the subject property, the funds, and the borrower.

Verification of employment and income, including paystubs, tax returns, W-2s, miscellaneous income, and self-employed income are discussed. From there, the course explores how to verify assets and the borrower's net worth by looking at supporting documentation and verification of deposits. It also describes how to evaluate equity in other real estate and vetting gift letters.

The borrower's willingness to pay is also examined. This is done by reviewing credit reports, credit scores, verifying a satisfactory payment history on other loans; real estate or otherwise; as well as payment histories for their current rent or mortgage. The session concludes with information on how to deal with borrowers with credit problems.

File Review and Submission   RC_LP_P_200.5

The *File Review and Submission* course addresses the primary tasks the processor completes when preparing a file for underwriting submission. It begins by discussing what to look for when reviewing the loan file in order to confirm it is ready for submission. Those steps include looking at the credit characteristics of the loan, the borrower's income and employment, and confirming sources for funds to close. This course also covers how to recognize typical compensating factors and how they may lower a file's overall risk profile.

This course also examines conditions. Prior-to-closing conditions and at-closing conditions are described in addition to the processor's need to be familiar with the steps for generating an adverse action letter when credit is denied. The course also examines the loan documents that need to be submitted to underwriting, focusing on the verified loan application and the transmittal summary.

Evaluating Loans with Desktop Underwriter® (DU®)   RC_LP_U_303.2
(For loan originators who may be using DU®)

Fannie Mae's Desktop Underwriter is detailed in this session. The scope of the material presented here includes conventional conforming mortgages with Approve or Refer recommendations.

The module begins by describing what loans are eligible for DU evaluation and at how to access, navigate, and use DU. It then covers how to interpret underwriting recommendations and review reports accurately. Next, the module reviews DU requirements for credit, liabilities, income and employment, assets, and property. Lastly, the application of DU resubmission guidelines is addressed.

LOAN PROCESSORS

Based upon experience levels, some processors may also benefit from the courses listed in the Underwriter section.

Processing Fundamentals   RC_LP_P_200.1

The *Processing Fundamentals* course considers fundamental concepts related to the processing function. It begins with a look at the work environment and the typical processing department structure. The specific tasks of the loan processor are explained. The tasks covered include communicating with the applicant, complying with regulations, reviewing the loan application, documenting the file, scheduling tasks, reviewing loan documents, reviewing the appraisal, preventing fraud, and submitting the loan file to underwriting. This course will also examine key federal laws and regulatory disclosures affecting the mortgage loan process. The automation of the loan production process, and essential calculations a processor must utilize are discussed.

The Loan Application for Processors   RC_LP_P_200.2

The *Loan Application for Processors* course takes a detailed look at the Uniform Residential Loan Application (Form 1003). It begins with a description of the basic loan application process and the importance of the initial and final applications. An overview of the primary components of the loan application is provided. The sections of the loan application are covered as well as the most important fields a processor should be cognizant of.

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The borrower's willingness to pay is also examined. This is done by reviewing credit reports, credit scores, verifying a satisfactory payment history on other loans; real estate or otherwise; as well as payment histories for their current rent or mortgage. The session concludes with information on how to deal with borrowers with credit problems.

Property Appraisal for Processors   RC_LP_P_200.4

This course focuses on the traditional Uniform Residential Appraisal Report (URAR), the standard appraisal form used in the industry. The processor's role in ordering, monitoring, and reviewing the appraisal is discussed, followed by an examination of the components of an appraisal. This course will provide a more in-depth look at the property itself with reviews of the subject, contract, neighborhood, site, and, improvements sections of the appraisal. Next, the course examines the property valuation section, talking about the sales comparison approach and analysis, the cost approach, the income approach, and reconciling the three methods. Additionally, the course will discuss evaluating planned unit developments (PUDs) and condominiums.

File Review and Submission   RC_LP_P_200.5

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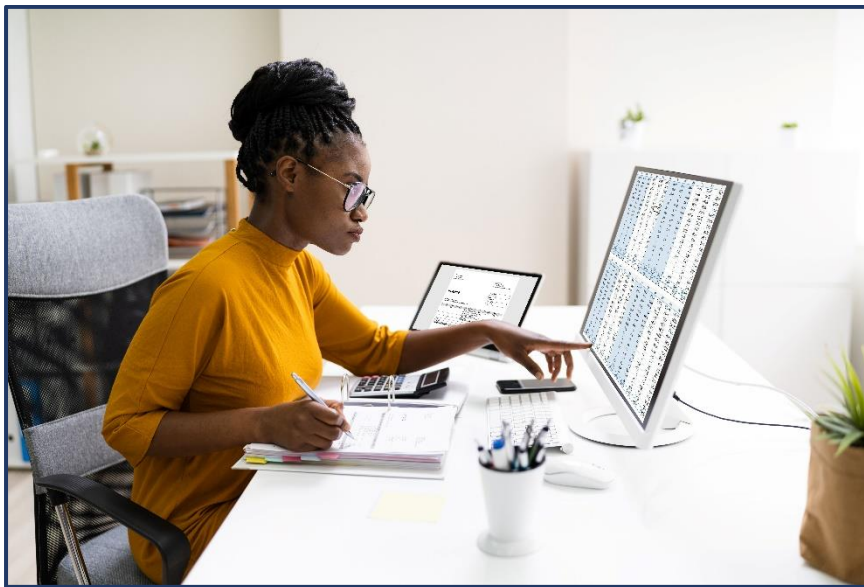
Evaluating Loans with Desktop Underwriter®   RC_LP_U_303.2

Fannie Mae's Desktop Underwriter® (DU®) is detailed in *Evaluating Loans with Desktop Underwriter*. The scope of the material presented here includes conventional conforming mortgages with Approve or Refer recommendations.

The module begins by describing what loans are eligible for DU evaluation and at how to access, navigate, and use DU. It then covers how to interpret underwriting recommendations and review reports accurately. Next, the module reviews DU requirements for credit, liabilities, income and employment, assets, and property. Lastly, the application of DU resubmission guidelines is addressed.

UNDERWRITERS

The courses in this section are divided into general (G) and advanced (A). Courses denoted with (G) may also be appropriate for experienced processors and loan originators.

Eligibility in Residential Underwriting (G)   RC_LP_U_200.1

The course begins with a brief look at how eligibility factors are used in underwriting. The remainder of the course looks at key eligibility concepts, including types of financing transactions, the loan-to-value ratio, credit scores, loan products, ability to repay, property types, occupancy, loan limits, and housing and debt ratios.

It is important to note that the concepts explained in this course are concepts that form the foundation for sound underwriting. When a loan is run through an automated underwriting system (AUS) such as Fannie Mae's Desktop Underwriter® or Freddie Mac's Loan Prospector®, some of the issues discussed in this course may be applied automatically.

Income Review in Residential Underwriting (G)   RC_LP_U_200.2

In this course, stable, secondary, and seasonal income from employment will be discussed, along with variable sources of income derived from overtime, bonus, and commissions. Documenting these income types and calculating qualifying income will be a main focus. The course also provides a basic overview of the more advanced underwriting income techniques used to analyze self-employment income. Income generated from sources other than employment must be verified only if it is needed to quality. Non-employment income, such as child support, alimony, pensions, and interest income will also be examined. Methods of determining continuity of this income will be reviewed. Toward the end of the course, techniques for underwriting rental income from the subject property will be discussed.

It is important to note that the concepts explained in this course form the foundation for sound underwriting. When a loan is run through an automated underwriting system (AUS) such as Fannie Mae's Desktop Underwriter® or Freddie Mac's Loan Product Advisor®, borrower eligibility and documentation requirements will differ as a result of the risk factors present within each individual transaction.

Credit Review in Residential Underwriting (G)   RC_LP_U_200.3

In this course, we will walk through the steps of analyzing the credit report.

We will first discuss how to confirm the report information is complete and accurate. Next, we will discuss how to identify that all outstanding debts and payment amounts are being included. We will analyze the credit history as a whole to include determining the impact of significant adverse credit events on the overall risk of the loan file. We will also discuss how to document creditworthiness of borrowers with nontraditional credit.

Asset Review in Residential Underwriting (G)   RC_LP_U_200.4

In this course, we will describe how to analyze an applicant's assets to ensure that there are sufficient funds to close and that the applicant meets program guidelines with respect to the minimum borrower contribution.

The course begins with a look at the Details of Transaction section of the loan application and considerations during its review. It then addresses acceptable sources of liquid reserves and related requirements. Next, it describes how to calculate available funds to close. Toward the end of the course, verification requirements and guidelines are reviewed for personal funds, gifts, grants, and interested party contributions (IPCs).

Collateral Review in Residential Underwriting (G)   RC_LP_U_200.5

Underwriting and reviewing appraisals thoroughly is a detailed and often complex procedure. This course provides a foundation that will help a new underwriter begin to understand the intricacies of appraisal review. It begins with a look at the use of appraisals in mortgage lending. Next, lender responsibilities related to appraisals are described. Appraisal documentation, including required forms and exhibits, are then addressed. The course then explains the methods of determining value. Toward the end of the lesson, underwriting considerations for various areas of the appraisal are presented.

Final Review in Residential Underwriting (G)   RC_LP_U_200.6

In this course, we will briefly review the process of performing the final underwriting review. We will discuss questions about the loan that need to be asked and answered, describe how comprehensive risk factors drive the underwriting review, explain how compensating factors can help offset risk presented by the comprehensive risk factors, and take a high-level look at the Uniform Underwriting and Transmittal Summary.

Evaluating Loans with Desktop Underwriter® (DU®) (G)   RC_LP_U_303.2

Fannie Mae's Desktop Underwriter (DU) is detailed in this session. The scope of the material presented here includes conventional conforming mortgages with Approve or Refer recommendations.

The module begins by describing what loans are eligible for DU evaluation and at how to access, navigate, and use DU. It then covers how to interpret underwriting recommendations and review reports accurately. Next, the module reviews DU requirements for credit, liabilities, income and employment, assets, and property. Lastly, the application of DU resubmission guidelines is addressed.

Tax Return Basics (G)   RC_LP_U_305.1

In this course you will learn when it is necessary to request borrower tax returns, become familiar with the various IRS schedules, and gain an understanding of how a borrower's income "flows" through the tax returns.

This module also includes an overview of basic business structures, in which you will learn how business income is taken from business returns and added to personal tax returns. While this module provides an overview of business types, analyzing business tax returns and financial information is an advanced underwriting skill and is not covered as part of this course.

This module concludes with a discussion of the methods used by the industry to analyze personal tax returns and some related definitions.

Income and Loss on Tax Returns (A)   RC_LP_U_305.2

The *Income and Loss on Tax Returns* course provides an overview of Schedule A (Form 1040): Itemized Deductions, and Schedule B (Form 1040): Dividends and Income. In addition, a detailed look at Form 2106, Employee Business Expenses is also included within the module. Practice examples are provided to help demonstrate how income may be affected by these business expenses.

Supporting Income and Loss on Tax Returns (A)   RC_LP_U_305.3

Schedule D summarizes gains and losses that arise from the sale of stock, real estate, or business assets. Typically, this type of income is not regular and recurring, but there are instances where this schedule and two additional supporting forms (Form 4797: Sale of Business Property and Form 6252: Installment Sale Income) will need to be analyzed.

Many people owning and running farms also use the sole proprietor form of business ownership. Although farm income is reported on Schedule F, the majority of the schedule and the way underwriters analyze income for qualifying are the same. For that reason, an underwriter can follow the same concepts detailed in the Schedule C analysis for net profit or loss; non-recurring other income/loss; depreciation; amortization/casualty loss/depletion; and business use of home.

In Supporting Income and Loss on Tax Returns, Schedule C, Schedule D, and Schedule F of Form 1040 will be reviewed.

Supplemental Income and Loss on Tax Returns (A)   RC_LP_U_305.4

This course explains how to analyze income reported on Schedule E (Form 1040) and Schedule K-1 (Form 1065) for mortgage lending underwriting. It discusses how income reported on these tax returns is adjusted using Freddie Mac's Form 91 Income Calculations (Schedule Analysis Method) and Form 92 Net Rental Income Calculations - Schedule E to determine qualifying income. For the purposes of this course, these forms will be called Form 91 and Form 92.

Supplemental Income and Loss on Tax Returns begins by introducing the Schedule E (Form 1040), Supplemental Income and Loss form, which is used to report income and loss from rental real estate, royalties, partnerships, S corporations, estates, trusts, REMICs, etc. It describes how income from royalties reported on this form is analyzed using Form 91. Next, it explains how rental income reported on Schedule E is calculated using Form 92. Then it provides students an opportunity to practice calculating rental income with a case study. The course then introduces Schedule K-1 (Form 1065), Partner's Share of Income, Deductions, Credits, etc. and discusses how it is used in connection with Schedule E to report partnership income. It explains how Form 91 is used to calculate this income and provides a practice exercise where partnership income is calculated using a case study.

Business Structures for Self-Employed Borrowers (A)   RC_LP_U_306.1

Understanding the different business classifications and methods used to report income is key to deriving a stable monthly income figure for self-employed customers that pursue a residential mortgage loan.

Qualifying self-employed applicants for a residential mortgage loan is more complex than qualifying their salaried counterparts. In this course, we explore business structures for self-employed borrowers and examine the income tax reporting methods used to derive a monthly qualifying income for these individuals. Please note that this course focuses on requirements for underwriting conventional loans for sale to Fannie Mae and Freddie Mac. Although this provides a good standard for underwriting practices in general, requirements for portfolio loans, government loans, and private investors may differ.

Evaluating Sole Proprietorships (A)   RC_LP_U_306.2

Creating a sole proprietorship is the easiest and least costly way of starting a business. To be a sole proprietor, an individual does not have to take any formal steps; he or she simply needs to conduct business.

In the *Evaluating Sole Proprietorships* course, we will examine concepts related to evaluating tax returns for sole proprietorships. We'll look at the characteristics of sole proprietorships and the documentation requirements for Fannie Mae and Freddie Mac. Guidance is provided on how to determine allowable income for sole proprietors using Schedule C.

Evaluating Partnerships (A)   RC_LP_U_306.3

This course addresses the evaluation of business tax returns for partnerships. The session reviews the characteristics of partnerships and looks at partnership documentation requirements for Fannie Mae and Freddie Mac. How to determine allowable income for partnerships is also discussed.

Evaluating Corporations (A)   RC_LP_U_306.4

The *Evaluating Corporations* course discusses how to analyze corporation tax returns using the Fannie Mae Cash Flow Analysis (Form 1084) to determine a borrower's allowable qualifying income. The course begins with a review of characteristics of corporations. Next, it looks at how to determine allowable income using Form 1120 and Form 1120S. Finally, case studies give students the opportunity to practice the concepts presented.