



ABC's of FHA Lending – Certification Program

Class Certification Outline & Syllabus

The following is a list and description of classes required for each level of FHA Certification:

Certified FHA Processor (CFP)

The CFP educational track is designed to give a loan processor a basic understanding of the FHA loan program and principles, mortgage calculations, FHA guidelines and loan file disclosure requirements, borrower income and credit analysis, appraisal and third party documentation, processing and pre-underwriting principles, credit and FHA systems guidelines, and teach best standards of practice relative to ethical lending and fraud prevention. Training includes case studies with complete file processing examples and testing to insure student comprehension of the concepts taught.

Training instruction: 7 hours.

Course #	Title	Length
101	Introduction to FHA	(2 hrs.)
102	FHA Borrower Credit Analysis	(2 hrs.)
103	ABC's of FHA Processing	(2 hrs.)
104	Ethical and Responsible Origination Practices	(1 hr.)

Certified FHA Specialist (CFS)

The CFS educational track is designed to provide a loan originator with a complete understanding of the entire origination, processing, underwriting and closing fundamentals of the FHA lending program and process. Training includes basic FHA requirements of borrowers, FHA loan program and property standards; origination forms and proper application documentation; GFE, TIL and other disclosure requirements and completion; borrower income and credit analysis; appraisal, inspection and third party documentation; processing standards and pre-underwriting principals; FHA refinance guidelines and origination; sound marketing practices; FHA compliance; and best standards of practice relative to ethical lending and fraud prevention. Training includes case studies with complete file processing examples and testing to insure student comprehension of the concepts taught.

Training instruction: 14 hours

Course #	Title	Length
101	Introduction to FHA	(2 hrs.)
102	FHA Borrower Credit Analysis	(2 hrs.)
201	ABC's of FHA Origination	(2 hrs.)
103	ABC's of FHA Processing	(2 hrs.)
202	FHA Property Analysis	(2 hrs.)
203	ABC's of FHA Refinances	(1 hr.)
204	ABC's of FHA Marketing	(1 hr.)
205	ABC's of FHA Compliance	(1 hr.)
104	Ethical and Responsible Origination Practices	(1 hr.)

Master FHA Specialist (MFS)

The MFS educational track is for the serious FHA professionals. It includes comprehensive training in all areas of FHA origination, processing, underwriting, closing, and compliance as per the CFP and CFS tracks, with additional training in the areas of Direct Endorsement Underwriting practices; 203k lending; reverse mortgages (HECM's); quality control procedures, and broker/owner/manager operations and compliance procedures. Training includes case studies with complete file processing examples and testing to insure student comprehension of the concepts taught.

Training instruction: 29 hours

Course #	Title	Length
101	Introduction to FHA	(2 hrs.)
102	FHA Borrower Credit Analysis	(2 hrs.)
201	ABC's of FHA Origination	(2 hrs.)
103	ABC's of FHA Processing	(2 hrs.)
202	FHA Property Analysis	(2 hrs.)
203	ABC's of FHA Refinances	(1 hr.)
204	ABC's of FHA Marketing	(1 hr.)
205	ABC's of FHA Compliance	(1 hr.)
104	Ethical and Responsible Origination Practices	(1 hr.)
301	DE Underwriting	(4 hrs.)
401	ABC's of 203k Origination & Processing	(2 hrs.)
402	ABC's of 203k Underwriting	(2 hrs.)
501	ABC's of Reverse Mortgages	(2 hrs.)
601	FHA Quality Control	(2 hrs.)
602	Broker/Owner Compliance & Operations	(2 hrs.)
604	Ethical and Responsible Lending Practices	(1 hr.)

Complete Course Listing, Description and Syllabus

101 Introduction to FHA

(2 hrs.)

The "Introduction to FHA" training module is designed to teach the origins and basics of FHA - including the history and structure of FHA; types of lender approvals and requirements; lending regions; various FHA programs and loan types; basic borrower and property eligibility requirements; and new construction guidelines. It also focuses on maximum mortgage, UFMIP and mortgage insurance calculations.

1. Who is FHA
 - a. History of FHA
 - b. Structure of FHA
2. FHA Lenders & Requirements
 - a. Types of Lender Approvals
 - b. Licensing & Lending Regions
3. FHA Programs
 - a. FHA 203b Loans – General Mortgage Insurance Programs
 - b. FHA 251 – Adjustable Rate Mortgages (ARM's)
 - c. FHA 234(c) – Condominium Units
 - d. FHA 203(h) – Disaster Relief Program
 - e. FHA 245(a) – Graduated Payment and Graduated Equity Mortgages
 - f. FHA 203(k) – Rehabilitation Mortgages
 - g. FHA 255 – Reverse Mortgages (HECM)
 - h. Other FHA Programs
 - i. HUD REO - \$100 Down Program
 - j. Good Neighbor Next Door (GNND)
 - k. FHA Loan Assumptions
4. Types of FHA Loans
 - a. Fixed Rate Mortgages
 - b. Adjustable Rate Mortgages (ARM's)
 - c. Fixed-rate Buydowns
 - d. Secondary Financing
5. Borrower Eligibility
 - a. Borrowers Age
 - b. Citizenship & Immigration Status
 - c. Co-Borrowers and Co-Signers
 - d. Military Personnel
 - e. Living Trusts
 - f. Non-occupant Co-borrowers

- g. Lender Employee Loans
- 6. Carrying Multiple FHA-Insured Loans
- 7. Eligible Property Types
 - a. Property Flipping
 - b. Condominiums
 - c. Planned Unit Developments - PUD's
 - d. Manufactured/Mobile Homes
 - e. Modular Homes
 - f. Multi-family Properties
 - g. Secondary Residences
 - h. Investment & Commercial Properties
- 8. New Construction
 - a. Purchasing Vacant Land
 - b. ENPO Properties
 - c. Building on Own Land
 - d. Builder Requirements
 - e. Appraisal Requirements
 - f. Underwriting Considerations
 - g. Documentation Requirements
- 9. Getting Started With FHA
- 10. Regional Mortgage Limits
 - a. FHA "Floor Limits"
 - b. FHA "High Cost" Areas
 - c. Minimum Investment Requirements
- 11. Maximum Mortgage Calculations
 - a. Base Loan Amount
 - b. Total Loan Amount
- 12. Mortgage Insurance Premiums
 - a. Upfront Mortgage Insurance Premiums (UFMIP)
 - b. Rounding of Loan Amounts
 - c. Monthly Mortgage Insurance (MIP)
- 13. FHA Loan Calculations – CASE STUDY

102 FHA Borrower Credit Analysis (2 hrs.)

This training module focuses on qualifying the borrower, credit and asset analysis. It includes calculating ratios and income, reviewing liabilities and credit, a sample case study, and discusses acceptable sources of funds needed for the transaction.

1. Borrower Income Analysis
 - a. Front & Back Ratios
 - i. Exceeding Ratios
 - b. Acceptable Sources of Income
 - i. Salaries and Wages
 - ii. Overtime and Bonus Income
 - iii. Part-time employment
 - iv. Self-employment
 - v. Seasonal Income
 - vi. Military Income
 - vii. Commission Income
 - viii. Retirement and Social Security
 - ix. Alimony, Child Support or Maintenance
 - x. Notes Receivable
 - xi. Interest and Dividends
 - xii. Mortgage Credit Certificates
 - xiii. Employer Differential Payments
 - xiv. VA Benefits
 - xv. Government Assistance Programs
 - xvi. Rental Income
 - xvii. Other Sources of Income
2. Borrower Credit Analysis
 - a. Borrower Liabilities
 - b. Borrower Credit
 - c. Credit Reports
 - d. Credit Scoring
 - i. Lender credit “overlays”
 - e. Non-traditional Credit
 - f. Insufficient Credit
 - g. Bankruptcy
 - i. Chapter 7
 - ii. Chapter 13
 - h. Foreclosure & Short Sales
3. Income & Credit Analysis – CASE STUDY

3. Disclosure Review
 - a. Application Disclosures
 - b. Program Disclosures
4. The FHA Connection System
 - a. Obtaining FHA Case Numbers
 - b. Cancelling & Reinstating Case Numbers
 - c. Transferring Case Numbers
 - d. Ordering Appraisals
5. Borrower Credit Review
 - a. Credit Report
 - b. CAIVRS Approval
 - c. LDP List Verification
 - d. EPLS System Check
6. Third-party Reports
 - a. Appraisal
 - i. Ordering Appraisals
 - ii. Assignments
 - b. Title Commitments
 - c. Survey
 - d. Property Inspections
 - i. Types and Scope of Inspections
 - ii. Property Repairs and Escrows
 - iii. Final Inspections
7. Underwriting FHA Loans
 - a. TOTAL Scorecard Automated Underwriting
 - b. Direct Endorsement (DE) Underwriting & CHUM's Numbers
 - c. Compensating Factors
8. Submission to Underwriting
 - a. Forms and Document Review
 - b. HUD-92900-LT Analysis
 - c. Conditional Commitments
 - d. Clearing Conditions
9. Submission to Closing
 - a. Reviewing the HUD-1
 - b. Preparing the Borrower for Closing
 - i. Hazard & Homeowners Insurance
 - ii. Tax Escrows
 - iii. Cash Requirements
10. FHA Loan Processing – CASE STUDY

104 Ethical and Responsible Origination Practices (1 hr.)

This training module looks at proper FHA loan origination practices and ethical standards. Included is a study of “responsible behavior” for loan originators and processors, including fraud prevention and detection.

1. The Definitions
 - a. Ethical
 - b. Responsible
2. The Four Way Test
 - a. Is it the Truth?
 - b. Is it Fair to all Concerned?
 - c. Will it Build Goodwill and Better Relationships?
 - d. Will it be Beneficial to All Concerned?
3. The Principles of the Path
 - a. What Path Will You Take?
 - b. What Will Be the Destination?
4. Fiduciary Relationship
 - a. Do You Have One?
 - b. To Whom is it To?
5. Dual Agent or Double Agent
 - a. Which one are you?
6. Full Disclosure
 - a. To Whom Do You Give it To?
7. Advertising
 - a. Is it False?
 - b. Is it Misleading?
 - c. Is it Deceptive
8. Fraud in Loan Originations
 - a. Who are the Usual Suspects?
 - b. When is it Committed?
 - c. Where is it Committed?
9. If it Were Your Money
 - a. Would You Fund the Loan?
10. The Ten Commandments

201 ABC's of FHA Origination

(2 hrs.)

This program module focuses on the art of proper FHA origination. Training includes borrower prequalification, origination forms, compliance and program disclosures. Includes a complete loan origination Case Study.

1. Prequalification and Borrower Preparation
 - a. Borrower Needs Assessment
2. Preparing the Good Faith Estimate
 - a. Allowable Closing Costs
 - b. Seller or Lender Paid Costs
 - c. Changed Circumstances
3. Truth In Lending – Reg Z
 - a. TIL Disclosure Preparation
4. The FHA Loan Origination Package
 - a. Preparing the Loan Application Package
 - b. Taking a Complete 1003 Application
 - c. FHA Forms & Disclosures
 - d. Company and Lender Disclosures
 - e. Program Disclosures
5. FHA Loan Origination – CASE STUDY

202 FHA Property Analysis

(2 hrs.)

The “FHA Property Analysis” training module teaches loan originators how to evaluate and understand acceptable FHA property collateral packages. Included is a detailed look at the appraisal process, role of the appraiser, and property appraisal and valuation review. Ineligible property situations, conditions and repairs are also reviewed.

1. Role of the FHA Appraiser
 - a. Appraisal Requirements
2. Acceptable Properties
3. Unacceptable Properties
4. Ordering Appraisals
 - a. FHA Appraisal Roster
 - b. Appraisal Management Companies
 - c. HVCC
5. Property Preparation
6. Understanding the Appraisal

- a. Cost, Income & Market Approach
 - b. Market Data
 - c. Net and Gross Adjustments
- 7. Multi-Family Income Appraisals
- 8. Assignment of Appraisal
- 9. Appraisal Underwriting
- 10. Property Inspections
 - a. Repairs and Escrows
 - b. Final Inspections
- 11. Appraisal Review – CASE STUDY

203 ABC's of FHA Refinances

(1 hr.)

This training module introduces the different types of refinances, including rate/term, cash-out and streamlines. Origination, processing and underwriting requirements are presented, including necessary forms, maximum mortgage calculations, mortgage insurance, equity construction deals, MIP refunds and credit-qualifying.

- 1. FHA Refinance Programs
 - a. Three Types of Refinances
 - b. Loan Limits
 - c. Mortgage Insurance
- 2. Conventional to FHA Refinance
 - a. Eligible Borrowers
 - b. Loan Amount Calculation
 - c. Origination Requirements
 - d. Documentation Requirements
 - e. Appraisal Requirements
 - f. Underwriting Requirements
 - g. FHA Secure Reissues
- 3. Cash-out Refinances
- 4. FHA Streamline Refinances
 - a. FHA Streamline Without Appraisal
 - b. FHA Streamline With Appraisal
 - c. Credit Qualifying Streamline Refinances
 - d. FHA Program Streamline Qualifiers
- 5. UFMIP Refunds and Netting Authorizations
- 6. Building on Own Land – Equity Construction

7. Refinancing Into a 203(k)
8. FHA Loan Refinance – CASE STUDY

204 ABC's of FHA Marketing (1 hr.)

Responsible FHA loan originators have an obligation to represent themselves and the FHA loan program in an honest and forthright manner. This module looks at clearly identifying prospects, developing a marketing strategy that is ethical and compliant, and how to present real value in the marketplace. Discussions include review of advertising laws (TILA) and overcoming everyday objections.

1. Identifying the Target Market
2. Developing a Marketing Plan
 - a. 7-Step Plan of Attack
3. Allowable Marketing Strategies
4. Illegal and Unethical Advertising
 - a. TILA Regulations
5. Providing Real Value
6. Overcoming Typical Objections

205 ABC's of FHA Compliance (1 hr.)

This training module provides a quick review of the forms and documentation requirements for FHA origination, processing, underwriting and closing. It also discusses anti-discrimination compliance, lender protection and HUD audit procedures.

1. Origination Compliance
 - a. Forms and Documentation
2. Processing Compliance
 - a. Forms and Documentation
3. Underwriting Compliance
 - a. Forms and Documentation
4. Closing Compliance
 - a. HUD-1 vs. GFE
 - b. Right of Rescission
5. Borrower Discrimination
 - a. ECOA
 - b. Fair Housing Act

6. Lender Compliance
 - a. Representations
 - b. Originator Responsibilities
7. HUD Compliance
 - a. Post-close Audits (PETR)

THE FOLLOWING CLASS OUTLINES HAVE NOT YET BEEN RELEASED

301 DE Underwriting (4 hrs.)

This course module takes a comprehensive look at the responsibilities of the FHA Direct Endorsement Underwriter. Training includes borrower credit analysis, collateral analysis, underwriting procedures and total file review. Includes comprehensive case study.

401 ABC's of 203k Origination & Processing (2 hrs.)

This class takes a look at the FHA 203(k) loan program, and the origination and processing requirements for the program.

402 ABC's of 203k Underwriting (2 hrs.)

This training module is designed to assist DE underwriters of the 203k program. It discusses forms, calculations, property and borrower analysis, underwriting procedures and allowable repairs. A comprehensive case study is included.

501 ABC's of Reverse Mortgages (2 hrs.)

The "ABC's of FHA Reverse Mortgages" training module looks at the FHA Home Equity Conversion Mortgage program, including origination, processing and underwriting.

601 FHA Quality Control (2 hrs.)

This education module discusses proper FHA quality control protocols, including loan file review, credit reports, verifications, and proper documentation.

602 Broker/Owner Compliance & Operations (2 hrs.)

Designed for mortgage broker owners, this training looks at internal compliance and operational procedures for proper FHA lending operations.

604 Ethical and Responsible Lending Practices (1 hr.)

From origination to underwriting, closing to internal audit procedures. This training discusses complete standards of conduct for FHA lending.