ABC's of FHA Lending – Certification Program

Class Certification Outline & Syllabus

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

Certified FHA Processer (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.)

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
4. Allowable Cash To Close
    a. Required Cash Calculations
    b. Acceptable Sources of Funds
        i. Earnest Money Deposit
        ii. Checking and Savings Accounts
        iii. Gift Funds
        iv. Collateralized Loans
        v. Sales Proceeds
        vi. Sale of Personal Property
        vii. Trade Equity
        viii. Employer Guarantee Plans
        ix. Employer Assistance Plans
        x. Savings Bonds
        xi. IRA, 401(k) & Keogh Accounts
        xii. Stocks & Bonds
        xiii. Cash Saved at Home
        xiv. Rent Credit
        xv. Sweat Equity
        xvi. Sales Commissions
        xvii. Disaster Relief Grants & Loans; Tax Credits
        xviii. Private Savings Clubs
        xix. Seller Credits
        xx. Lender Credits

xxi. Non-Profit Organizations
xxii. 60+ Age – Borrower Funds
xxiii. Down-Payment Assistance Programs

103 ABC's of FHA Processing (2 hrs.)

This training module looks at the complete role of the FHA processor. Discussions include customer and originator communication, loan file compliance, order case numbers and third-party reports, automated and manual underwriting, and preparing for closing. Features a complete detailed FHA loan processing Case Study.

1. Role of the Processor
    a. Customer Communication
    b. Loan Originator Communication
2. Receiving the FHA Application
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