MLO / NMLS SAFE Act Study Sheet

A one-look reference for the national NMLS SAFE Act exam: federal law, disclosure timelines, core math, ethics, and SAFE Act / UST facts. Verify current regulatory thresholds against the CFPB and your state regulator before exam day. · voltexam.com/mlo-exam-prep

1. Federal Lending Laws — What Each Governs

TILA / Reg Z	Truth in Lending Act. Requires disclosure of the cost of credit — APR, finance charge, amount financed, total of payments. Governs the ability-to-repay/QM rule, high-cost (HOEPA) loans, and the right of rescission.
RESPA / Reg X	Real Estate Settlement Procedures Act. Governs settlement services on federally related mortgages — prohibits kickbacks/referral fees (§8), regulates escrow accounts, servicing transfers, and loss-mitigation.
TRID	TILA-RESPA Integrated Disclosure rule ("Know Before You Owe"). Merged the old GFE/TIL and HUD-1 into the Loan Estimate (LE) and Closing Disclosure (CD). Sits under both Reg Z and Reg X.
ECOA / Reg B	Equal Credit Opportunity Act. Prohibits discrimination in any credit transaction based on protected classes (race, color, religion, national origin, sex, marital status, age, receipt of public assistance). Requires adverse-action notices.
HMDA / Reg C	Home Mortgage Disclosure Act. Requires lenders to collect and report loan-application data (the LAR) so regulators can detect discriminatory lending and redlining patterns.
FCRA	Fair Credit Reporting Act. Governs the accuracy, fairness, and privacy of consumer credit-report information; requires risk-based-pricing and adverse-action notices when a report is used.
GLBA	Gramm-Leach-Bliley Act. Requires financial institutions to explain information-sharing practices and safeguard customers' nonpublic personal information (Privacy Rule + Safeguards Rule).
BSA / AML	Bank Secrecy Act / Anti-Money-Laundering. Requires reporting of suspicious activity (SARs) and currency transactions (CTRs) to FinCEN to detect money laundering and fraud.

2. TRID & Disclosure Timelines

Loan Estimate (LE)	Delivered or mailed within **3 business days** of receiving a completed application (the 6 pieces of information). No fee other than a bona fide credit-report fee before the borrower receives it.
Closing Disclosure (CD)	Borrower must receive the CD at least **3 business days before consummation** (loan closing). Mailed CDs add the mailbox rule — presumed received 3 business days after mailing.
7-day waiting period	Consummation may not occur until at least **7 business days** after the initial LE is delivered or placed in the mail.
Re-disclosure triggers	A new 3-business-day CD waiting period restarts if: the APR becomes inaccurate (>1/8% fixed, 1/4% ARM), the loan product changes, or a prepayment penalty is added.
Right of rescission	On a **refinance of a primary residence** (non-purchase), the borrower has **3 business days** to rescind. "Business day" here is the *precise/specific* definition (see below). Purchase-money loans have NO rescission.

"General" vs "Precise / Specific" business day. The **general** definition (used for LE delivery and the 7-day and 3-day CD waiting periods) is any day the creditor's offices are open to conduct substantially all business functions. The **precise / specific** definition (used for the right of rescission and for counting when a disclosure is deemed received) is **all calendar days except Sundays and federal legal public holidays** — so Saturdays count.

3. Core Math Formulas

LTV / CLTV	LTV = Loan Amount ÷ lower of (Sales Price or Appraised Value). CLTV adds all subordinate liens: (1st + 2nd + HELOC drawn) ÷ value. PMI generally required on conventional loans when LTV > 80%.
Front-end DTI (housing)	PITI ÷ gross monthly income. PITI = Principal + Interest + Taxes + Insurance (+ HOA/PMI where applicable). Conventional guideline ~28%.
Back-end DTI (total)	(PITI + all other monthly debts) ÷ gross monthly income. Conventional ~36%; QM ability-to-repay commonly ~43%.

Per-diem interest (360)	Daily interest = (Loan × Annual Rate) ÷ 360. The 360-day "banker's / ordinary" year — the more common exam convention.
Per-diem interest (365)	Daily interest = (Loan × Annual Rate) ÷ 365 ("exact" method). Multiply daily interest × days from funding to month-end for prepaid interest at closing.
Monthly P&I (factor)	P&I ≈ (Loan ÷ 1,000) × payment factor. Factor comes from the rate/term table (e.g., 30-yr @ 6% ≈ 5.9955 per $1,000).
Discount points cost	1 point = 1% of the loan amount. Cost = Loan × (points ÷ 100). Points paid up front to buy down the note rate; break-even = cost ÷ monthly savings.
ARM fully-indexed rate	Fully-indexed rate = Index + Margin, then constrained by caps: initial cap, periodic (per-adjustment) cap, and lifetime cap. The margin is fixed for the loan; the index moves.

4. Ethics Quick-Hits

Steering	Directing a borrower to a loan with less favorable terms for the originator's gain (e.g., to earn higher compensation). Prohibited under the Loan Originator Compensation rule (Reg Z).
Redlining	Denying or pricing credit differently based on the racial/ethnic composition of a neighborhood rather than the borrower's qualifications. Violates ECOA and the Fair Housing Act; detected via HMDA data.
UDAAP	Unfair, Deceptive, or Abusive Acts or Practices (Dodd-Frank). CFPB-enforced catch-all: an act is "unfair" if it causes substantial, unavoidable injury not outweighed by benefits; "abusive" if it exploits a lack of understanding.
RESPA §8 — kickbacks	PROHIBITED: any fee, kickback, or thing of value for referring settlement-service business. PERMITTED: payment for services actually performed, bona fide compensation, and affiliated-business arrangements with proper disclosure.

5. SAFE Act / UST Facts

Pre-licensing education	**20 hours** of NMLS-approved PE: 3 hrs federal law, 3 hrs ethics (incl. fraud, fair lending, consumer protection), 2 hrs non-traditional mortgage products, 12 hrs electives.
Continuing education	**8 hours** of CE annually: 3 hrs federal law, 2 hrs ethics, 2 hrs non-traditional lending, 1 hr elective. "Successive years" rule bars retaking the same CE two years in a row.
Passing score	**75%** on the national SAFE MLO test (National Test Component with Uniform State Content — the "UST").
Temporary authority	Under the 2018 Economic Growth Act, a registered/state-licensed MLO changing employers may originate for up to **120 days** while the new state application is pending (if requirements are met).
Unique identifier	The NMLS ID — a permanent number assigned to each MLO and company. Must appear on all mortgage loan documents / advertisements. Follows the individual across employers and states.
Retake rules	Fail: wait 30 days to retest. After 3 consecutive fails, wait 180 days. Passing scores older than a set window may expire, requiring a retake.