

## Chapter DFI-Bkg 45

### EDUCATION AND EXAMINATION

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**DFI-Bkg 45.01 Standards for education for loan originators. (1) SUBJECTS.** The following subjects qualify for the loan originator education required by s. 224.72 (7) (d) 1., Stats.:

(a) *State and federal law.* 1. The provisions of subch. III of ch. 224, Stats.; ch. 428, Stats.; ss. 138.052 to 138.06, Stats.; and chs. DFI-Bkg 40 to 46.

2. The Fair Housing Act, the Equal Credit Opportunity Act (ECOA), the Home Mortgage Disclosure Act (HMDA) and other fair lending laws.

3. The Home Ownership Equity Protection Act (HOEPA).

4. The Truth in Lending Act, Regulation Z and the Commentary to Regulation Z.

5. The Real Estate Settlement Procedures Act (RESPA).

6. The Fair Credit Reporting Act (FCRA).

7. Federal National Mortgage Association (FNMA or Fannie Mae) guidelines.

8. Government National Mortgage Association (GNMA or Ginnie Mae) guidelines.

9. Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac) guidelines.

(b) *Practice and procedure.* 1. Loan origination procedures, including pre-qualifying borrowers, residential loan applications, underwriting standards, mortgage loan packaging, loan documentation, loan closings and loan servicing.

2. Types of mortgage loans, including Federal Housing Authority (FHA) and Veterans Administration (VA) loans.

3. U.S. Department of Housing and Urban Development (HUD) closing statement.

4. Brokerage fees and limitations.

5. Prepayment penalties.

6. Appraisal analysis, review, standards and underwriting.

7. Credit scoring, open-end credit, closed-end credit.

8. Subprime lending, including high cost and other covered loans.

9. Commercial lending.

10. Fraud detection and prevention.

11. Predatory lending.

(c) *Actions and ethics.* 1. Administrative actions and criminal penalties under subch. III of ch. 224, Stats., and ch. 428, Stats.

2. Ethics for loan originators.

(d) *Developments.* New developments in the law, practice and procedure.

(e) *Other.* Such other subjects submitted by the division to, and subsequently approved by, the loan originator council.

(2) **HOURS.** The loan originator education requirement under s. 224.72 (7) (d) 1., Stats., shall be met with 16 hours of education in the subjects listed under sub. (1) (a) to (e), with a minimum of 2 of those hours to be met by the subjects listed under sub. (1) (d).

**History:** CR 05-012; cr. Register June 2005 No. 594, eff. 7-1-05.

**DFI-Bkg 45.02 Standards for education for loan solicitors. (1) SUBJECTS.** The following subjects qualify for the loan solicitor education required by s. 224.72 (7) (d) 1., Stats.:

(a) *State and federal law.* 1. The provisions of subch III of ch. 224, Stats.; ch. 428, Stats.; ss. 138.052 to 138.06, Stats.; and chs. DFI-Bkg 40 to 46.

2. The Fair Housing Act, the Equal Credit Opportunity Act (ECOA), the Home Mortgage Disclosure Act (HMDA) and other fair lending laws.

3. The Home Ownership Equity Protection Act (HOEPA).

4. The Truth in Lending Act, Regulation Z and the Commentary to Regulation Z.

5. The Real Estate Settlement Procedures Act (RESPA).

6. The Fair Credit Reporting Act (FCRA).

7. Role of government sponsored enterprises in the mortgage market.

(b) *Practice and procedure.* 1. Loan origination procedures, including pre-qualifying borrowers, residential loan applications and loan documentation.

2. Types of mortgage loans, including Federal Housing Authority (FHA) and Veterans Administration (VA) loans.

3. Brokerage fees and limitations.

4. Credit scoring, open-end credit, closed-end credit.

5. Fraud detection and prevention.

(c) *Actions and ethics.* 1. Administrative actions and criminal penalties under subch. III of ch. 224, Stats., and ch. 428, Stats.

2. Ethics for loan originators.

(d) *Developments.* New developments in the law, practice and procedure.

(e) *Other.* Such other subjects submitted by the division to, and subsequently approved by, the loan originator council.

(2) **HOURS.** The loan solicitor education requirement under s. 224.72 (7) (d) 1., Stats., shall be met with 12 hours of education in the subjects listed under sub. (1) (a) to (e), with a minimum of 2 of those hours to be met by the subjects listed under sub. (1) (d).

**History:** CR 05-012; cr. Register June 2005 No. 594, eff. 7-1-05.

**DFI-Bkg 45.03 Course testing.** Every education course under s. 224.72 (7) (d) 1., Stats., shall include a closed-book test, to be administered at the course, of the materials presented at the course.

**History:** CR 05-012; cr. Register June 2005 No. 594, eff. 7-1-05.

**DFI-Bkg 45.04 Compliance.** An applicant shall submit evidence, in a form and manner prescribed by and satisfactory to the division, that the applicant has met the education requirements of s. 224.72 (7) (d) 1., Stats.

**History:** CR 05-012; cr. Register June 2005 No. 594, eff. 7-1-05.

**DFI-Bkg 45.05 Standards for competency examinations. (1) LOAN ORIGINATORS.** The subjects listed under s. DFI-Bkg 45.01 (1) (a) to (e) shall be included in the loan originator competency examinations required by s. 224.72 (3) (b) and (7) (d) 2., Stats.

**(2) LOAN SOLICITORS.** The subjects listed under s. DFI-Bkg 45.02 (1) (a) to (e) shall be included in the loan solicitor competency examinations required by s. 224.72 (3) (b) and (7) (d) 2., Stats.

**History:** CR 05-012: cr. Register June 2005 No. 594, eff. 7-1-05.

**DFI-Bkg 45.06 Compliance.** An applicant shall submit evidence, in a form and manner prescribed by and satisfactory to the division, that the applicant has met the examination requirements of s. 224.72 (3) (b) and (7) (d) 2., Stats., and shall pay the fee prescribed by the division.

**History:** CR 05-012: cr. Register June 2005 No. 594, eff. 7-1-05.

**DFI-Bkg 45.07 Requirements for approval of providers. (1) APPLICATION OF CONTINUING EDUCATION PROVIDERS.** An entity or individual seeking initial approval or reapproval from the division, or its designee, as a continuing education provider shall submit an application in a form and manner prescribed by and satisfactory to the division. The division may require the following information and materials to be submitted with the application:

- (a) A description of the experience and education that qualifies the applicant to be a provider.
- (b) A description of the provider's organizational structure, registration policies, fee schedules and promotional materials.
- (c) A description of the provider's student record systems including the methods for documenting attendance.
- (d) The method used by the provider for evaluating instructors.
- (e) Such other information as required by the division.

**(2) CRITERIA FOR APPROVAL.** To be approved, continuing education providers shall do all of the following:

- (a) Certify that instructors are experienced and qualified in the mortgage banking industry. Each instructor shall satisfy at least one of the following criteria:
  - 1. Has been engaged in the mortgage banking industry or the practice of teaching mortgage courses for the last three years.
  - 2. Has been properly licensed as a mortgage banker, mortgage broker or loan originator for the past 5 years and demonstrates to the division that he or she is of good character and has the knowledge and breadth of experience in the subject area for which he or she will be providing instruction.
  - 3. Is a licensed attorney engaged in the field of mortgage banking-related law.
  - 4. Is a licensed certified public accountant engaged in mortgage banking-related practice.
- (b) Show that information provided to comply with sub. (1) is likely to support a comprehensive and accurate treatment of the subjects required in each chapter.
- (c) Certify that the provider shall comply with s. DFI-Bkg 45.09, Stats.

**(3) APPLICATION APPROVAL AND EXPIRATION OF APPROVAL.** Upon receipt of an application for approval of a provider and the required fee, the division shall determine if the application meets the requirements of this chapter and if the program provides for instruction of courses in a manner required by this chapter. Provider approval shall expire pursuant to the schedule set forth in s. DFI-Bkg 41.02 (1).

**History:** CR 05-012: cr. Register June 2005 No. 594, eff. 7-1-05.

**DFI-Bkg 45.08 Requirements for approval of courses. (1) COURSE APPROVAL.** (a) Upon receipt of an application for approval or renewal of approval of a course from an approved continuing education provider and the required fee, the division, or its designee, shall determine if the course meets the requirements set forth in this chapter. The application for approval or renewal of approval shall be in a form and manner prescribed by and satisfactory to the division. Course approval shall expire 2 years from the date the course was approved by the division.

(b) The following information shall be furnished with the request for approval of a continuing education course:

- 1. Name and address of the provider.
- 2. Name of the instructor.
- 3. Name, telephone number and signature of the contact person for the provider.
- 4. Course title.
- 5. The date the course will initially be offered.
- 6. The location where the course will initially be offered.
- 7. An outline including a schedule of times when topics will be presented; the topics covered in the course, listed individually; and a summary of the instruction given and the material covered for each topic.
- 8. Number of credit hours requested.
- 9. A description of the qualifications of each instructor and the subject matter the instructor will be teaching.
- 10. Such other information as the division deems necessary.
- (c) The course shall be conducted in accordance with the course outline and summary materials approved by the division. After the provider has been notified of any deficiency, failure to correct the deficiency shall automatically void the course approval for any course held after notice.
- (d) A provider shall provide to the division, in a manner acceptable to the division, written notification at least 10 days in advance of offering an approved course on the date or at a location other than, or in addition to, the date or location provided in the initial request for approval.

**(2) NOTIFICATION.** Within 10 days of a change to an approved course, approved providers shall notify the division of any course information as required by this chapter that has changed since filing, and on which course approval was based, with the division.

**History:** CR 05-012: cr. Register June 2005 No. 594, eff. 7-1-05.

**DFI-Bkg 45.09 Evidence of attendance for continuing education courses. (1)** Providers shall submit to the division a list, in a form and manner prescribed by and satisfactory to the division, of course attendees who satisfactorily completed continuing education programs. The list shall include the loan originator's name, Wisconsin certificate of registration number, date of birth, course number, course title, date and location of the course, number of credit hours for which the course has been approved and any other information required by the division. Submitting the list shall constitute certification by the provider that the students listed personally attended the reported instruction and successfully completed the reported instruction. The list shall be furnished to the division within 10 days following the date of completion of continuing education programs. Failure to submit the required information to the division may result in a withdrawal of the provider's approval.

**(2) (a)** The provider of a continuing education program shall maintain attendance records for 4 years.

**(b)** Credit for attending a course shall not be awarded to loan originators for courses completed prior to the date the course has been approved by the division.

**History:** CR 05-012: cr. Register June 2005 No. 594, eff. 7-1-05.

**DFI-Bkg 45.10 Investigation and review. (1)** The division, or its designee, may investigate and review all provider and course applications, and any previously approved providers, courses and instructors. The method and timing of the reviews shall be determined by the division and may consist of any of the following:

(a) Consideration of information available from state, federal, or local agencies, private organizations or agencies, or interested persons.

(b) Conferences with officials, representatives, and former students of the provider involved.

(c) A public hearing respecting the program, course, or instructor involved, with 10 days written notice to the provider, instructor, or both.

(d) Investigation by visitation without notice to the provider.

(e) Information furnished by the applicant with any application for approval.

(f) Any other information the division or its designee deems relevant to the investigation.

**(2)** If, after investigation or review, the division denies or withdraws approval of any program or course, the division shall promptly give written notification that includes the reasons for the denial or withdrawal.

**History:** CR 05-012: cr. Register June 2005 No. 594, eff. 7-1-05.