



# CALIFORNIA COMPONENT

SAFE ACT TEST

## **FILL-IN-THE-BLANKS**

1. The law that was passed in October of 2009 to ensure that California complied with the SAFE Act is called \_\_\_\_\_.
2. Starting in January, 2010, all licensed real estate brokers, salespersons, and real estate corporations who make, arrange, or service loans must submit to the DRE online a report called \_\_\_\_\_.
3. When providing the RE-866, if the licensee is a real estate corporation, the name and license number of the \_\_\_\_\_ will also be provided.
4. The RE-866 notification form is due January 31, 2010, or within \_\_\_\_\_ of commencing mortgage loan origination activities.
5. Penalty fees apply for failure to submit the required RE-866 form. Penalties are \$50 per day for the first 30 days the report is not filed after its due date, and \$100 per day for every day thereafter for a maximum of \_\_\_\_\_.
6. According to B&P Code Section 10131, a real estate broker is a person who for compensation, solicits, negotiates, or performs services for \_\_\_\_\_.
7. According to B&P Code Section 10131.1, a real estate broker is a person who engages in the business of making loans, buying from, selling to, or exchanging with the public real property sales contracts or secured promissory notes as a \_\_\_\_\_.
8. According to the B&P Code, “in the business” means acquiring for resale to the public real property sales contracts or secured promissory notes in the amount of \_\_\_\_\_ per year.
9. Cash, corporate capital, warehouse credit lines, and other sources that are liability items on the person’s financial statements, whether secured or unsecured are known as \_\_\_\_\_.

10. Own funds also apply to liability items on the financial statement of an \_\_\_\_\_ of the person.
11. The concept of “own funds” does not apply to funds provided by a \_\_\_\_\_ to fund a loan on the condition that the third party will subsequently purchase or accept an assignment of the loan.
12. According to the SAFE Act, a mortgage loan originator (MLO) is a person who takes a residential loan application and \_\_\_\_\_ for a residential mortgage loan for compensation.
13. According to the SAFE Act, pre-licensing education for the MLO endorsement involves \_\_\_\_\_ of course work.
14. According to the SAFE Act, continuing education to maintain the MLO license endorsement in California involves \_\_\_\_\_ of course work every year.
15. The credit report authorized for NMLS does not consider an applicant’s FICO score, but a \_\_\_\_\_ of liens and judgments.
16. A passing score on both the national component of the SAFE Act Test and the state component is \_\_\_\_\_.
17. Topics for continuing education to satisfy the SAFE Act include federal laws and regulations, ethics, and \_\_\_\_\_.
18. The checking of fingerprints is associated with a \_\_\_\_\_.
19. The purpose of the SAFE Act is to \_\_\_\_\_ and to \_\_\_\_\_.
20. In California, one party who needs the MLO endorsement on his/her license is a \_\_\_\_\_.

21. In California, another party who needs the MLO endorsement on his/her license is a \_\_\_\_\_.
22. In California, another party who needs the MLO endorsement on his/her license is a mortgage banker who \_\_\_\_\_.
23. A contract processor who provides services for more than one broker must also have a \_\_\_\_\_.
24. An in-house processor who is experienced \_\_\_\_\_ take a mortgage application over the phone to help out and remain in compliance with the law.
25. An MU-1 application with NMLS is for \_\_\_\_\_.
26. An MU-2 application with NMLS is for \_\_\_\_\_.
27. An MU-3 application with NMLS is for \_\_\_\_\_.
28. An MU-4 application with NMLS is for \_\_\_\_\_.
29. The California Residential Mortgage Lending Act (CRMLA) regulates \_\_\_\_\_.
30. Mortgage bankers must have a net worth of at least \_\_\_\_\_.
31. Mortgage bankers must have a surety bond of at least \_\_\_\_\_.
32. The CRMLA allows mortgage bankers to sell loans on the \_\_\_\_\_.
33. The CRMLA allows mortgage bankers to broker \_\_\_\_\_.
34. The CRMLA allows mortgage bankers to broker \_\_\_\_\_.
35. The application fee to apply for a California Mortgage Banker's license under CRMLA is \_\_\_\_\_.

36. Under CRMLA, in addition to principal officers, the following must have a criminal background check regarding their association with a mortgage banking company: \_\_\_\_\_.
37. By number of licensees, and dollar amount of loans, the largest group of financial service providers regulated by the DOC is \_\_\_\_\_.
38. To qualify for a license under the Consumer Finance Lending Law (CFLL), an applicant must maintain a net worth of at least \_\_\_\_\_.
39. To qualify for a license under the Consumer Finance Lending Law (CFLL), an applicant must maintain a surety bond of at least \_\_\_\_\_.
40. The annual fee to maintain an MLO license endorsement on your DRE license is \_\_\_\_\_.
41. When a mortgage broker hires an associate licensee to conduct MLO activities, or terminates one, he/she must notify the NMLS \_\_\_\_\_.
42. When an MLO applicant has a felony conviction for assault more than seven years ago, he/she \_\_\_\_\_ receive the MLO endorsement.
43. When an MLO applicant has a felony conviction for fraud, dishonesty, breach of trust, or money laundering more than seven years ago, he/she \_\_\_\_\_ receive the MLO endorsement.
44. When an MLO applicant has received a pardon for a felony conviction involving fraud, money laundering, breach of trust, or money laundering, he/she \_\_\_\_\_ receive the MLO endorsement.

45. An MLO applicant will be denied the MLO endorsement if he/she has ever had a license involving mortgage loan origination \_\_\_\_\_.
46. An applicant for an MLO endorsement on his/her real estate license with a felony conviction for assault six years ago cannot receive the endorsement because the commissioner has no \_\_\_\_\_ in the matter so described.
47. Reasons for a lifetime ban on holding an MLO license endorsement would not include the revocation of a real estate license with an immediate right to a \_\_\_\_\_.
48. If an individual fails either the National or State component of the SAFE Act test for the third consecutive time, he/she must wait \_\_\_\_\_ before testing again.
49. An MLO in California who does not have to be licensed is one who works for a \_\_\_\_\_ depository institution.
50. An MLO in California who does not have to be licensed still has to be \_\_\_\_\_.
51. The purpose of an MLO having a unique identifier number is \_\_\_\_\_.
52. An application fee for an MLO endorsement is refundable \_\_\_\_\_.
53. The surety bond requirement for an MLO license endorsement affiliated with the DRE is \_\_\_\_\_.
54. The minimum net worth requirement for an MLO affiliated with the DRE is \_\_\_\_\_.
55. Covered under the Consumer Finance Lending Laws are \_\_\_\_\_.
56. Exempt from the Consumer Finance Lending Laws are bona fide leases, automobile sales finance contracts, and \_\_\_\_\_.

57. A licensed MLO may be an \_\_\_\_\_.
58. The California Corporations Commissioner must notify an MLO applicant of his/her decision within \_\_\_\_\_ of receiving a completed application.
59. A mortgage banker under CRMLA would not be able to charge a fee for \_\_\_\_\_.
60. A mortgage broker opening a new branch office must notify the commissioner \_\_\_\_\_ to conducting any business there.
61. The DOC commissioner must notify an MLO applicant of an incomplete application within \_\_\_\_\_.
62. To make a deficient application complete, an applicant has \_\_\_\_\_.
63. The DOC commissioner must comment on the acceptability of an amendment to an application within \_\_\_\_\_.
64. If an MLO surrendered his/her license due to improprieties, he/she may still have to face \_\_\_\_\_ for acts committed prior to surrendering the license.
65. If an MLO applicant knowingly procured and filed a false pardon with the Department of Justice, he/she is guilty of a \_\_\_\_\_.
66. The commissioner will have access to mortgage loan records for inspection for a period of \_\_\_\_\_.
67. An example of a third party fee is a \_\_\_\_\_.
68. Two words that would make a loan ad illegal are \_\_\_\_\_.
69. A fee charged by a lender for the cost of holding a mortgage loan pending sale to a permanent investor is a \_\_\_\_\_.

70. Fees for a lock-in agreement are refunded only if the agreement is executed and the loan is \_\_\_\_\_.
71. MLO activity can take place only at the address indicated on the MLO license unless \_\_\_\_\_.
72. In the mortgage office, an MLO license should be \_\_\_\_\_.
73. Renewal fees for the MLO license are due \_\_\_\_\_.
74. When an ownership change occurs within a mortgage company, a \_\_\_\_\_ must be filed with the commissioner.
75. Information in a print media ad must \_\_\_\_\_ the business name and all relevant business information as registered with the NMLS-R.
76. The DOC commissioner must inspect the books and records of an MLO \_\_\_\_\_ to ensure compliance.
77. The DOC commissioner may inspect the books and records of an MLO as often as the commissioner \_\_\_\_\_.
78. Both the commissioner of the DOC and the commissioner of the DRE can issue a \_\_\_\_\_.
79. When the DRE or the DOC find it necessary to conduct an audit of a mortgage company under their jurisdiction, the party who pays all expenses connected with the audit is \_\_\_\_\_ being investigated.
80. A broker licensed under the Consumer Finance Lending Laws may broker loans to \_\_\_\_\_.
81. Delaying the closing of a mortgage by a few days to increase costs and fees would be considered \_\_\_\_\_.



82. A compensation contract for a loan transaction must be retained for a period of \_\_\_\_\_.
83. When an MLO obtains the certificate for Continuing Education, the certificate does \_\_\_\_\_ need to be retained.
84. The grace period for a license issued by the DRE is \_\_\_\_\_ after expiration.
85. The division of the California DOC that handles violations of the California Financial Code is the \_\_\_\_\_ division.
86. If an MLO is not in compliance with a DOC provision, his bond can be increased from \$50,000 to \_\_\_\_\_.
87. If an ad has been disapproved, the MLO must discontinue the ad \_\_\_\_\_.
88. An MLO who advertises on the air waves must maintain a transcript of the ad for \_\_\_\_\_.
89. Regulatory offices are concerned with improper production, not \_\_\_\_\_.
90. An administrative penalty is \_\_\_\_\_, while a civil court penalty is \_\_\_\_\_.
91. An MLO can prove that a particular interest rate was available by showing the proper \_\_\_\_\_.
92. The California law that guides borrowers in the pursuit of a loan modification is the \_\_\_\_\_.
93. Lenders and brokers can add to the appraisal fee by \_\_\_\_\_ percentage.
94. As an MLO, if I file bankruptcy, I must notify the commissioner within \_\_\_\_\_.

95. A covered loan can include a prepayment penalty for up to \_\_\_\_\_.
96. Records on loan denials must be kept for \_\_\_\_\_.
97. If a license is permanently taken away it is called \_\_\_\_\_.
98. In case of a natural disaster a prepayment penalty is \_\_\_\_\_.
99. As an MLO, if you are guilty of redlining, your license can be \_\_\_\_\_.
100. If an MLO is guilty of misappropriation of funds, the crime is called \_\_\_\_\_.

## **Sources of Legal Research**

The following laws have been the source of research for the information in this booklet. Students are welcome to expand their studies by googling any of these laws and extending their knowledge beyond that which is listed here.

The California Business and Professions Code

The Regulations of the Department of Real Estate

The Commissioner's Regulations

California Code of Regulations

California Finance Lenders Law (CFL)

California Residential Mortgage Lending Act (CRMLA)

California Financial Code

California Civil Code

California Government Code

The SAFE Act

SB 36

The Real Estate Settlement Procedures Act

The Truth in Lending Act