

2007

NAMB CERTIFICATION **CRMS APPLICANT HANDBOOK**

Everything You Need to Know about
Becoming a NAMB Certified Residential
Mortgage Specialist (CRMS)



National Association of
Mortgage Brokers
7900 Westpark Dr., Suite T309
McLean, VA 22102
www.namb.org





Dear Aspiring CRMS Certificiant:

Thank you for taking the time to inquire about NAMB certification. Your interest places you in the top tier of mortgage professionals who are knowledgeable, committed to the highest standards of conduct, and who want to show their commitment to the industry. Across the United States, and in a wide range of occupations, certification programs have enabled professionals to distinguish themselves from the competition. As the number of certified individuals has increased, customers and employers have learned to look for a certification when choosing a business partner. By meeting the stringent eligibility standards, passing the rigorous exam, satisfying the recertification requirements, and adhering to the NAMB Code of Ethics, the CRMS certification will enable you to prove your skill and promote your business.

There has never been a better time for mortgage professionals to become certified for a number of reasons. First, our industry is under increased scrutiny and it is important for those of us who are true professionals to conduct business with honesty, integrity, and the best interests of our clients at the forefront of all we do. Second, in order to guide consumers in making wise decisions in choosing a mortgage broker, NAMB is launching a consumer awareness campaign that encourages home purchasers to ask their mortgage broker, "Are you NAMB Certified?" In addition, NAMB will also be developing programs targeted at real estate brokers that use NAMB certification as the criteria for choosing a mortgage broker to recommend to clients. When asked, "Are you NAMB Certified?" there is no doubt that it is a business advantage to those mortgage brokers who have earned the right to say, "Yes!"

The following pages will give you all the information you need to begin the process of becoming certified and eligible to add CRMS after your name.

I wish you success in your career as a mortgage professional.

A handwritten signature in black ink that reads 'Michael J. D'Alonzo'.

Michael J. D'Alonzo, CMC
Chair
NAMB Certification Committee

Introduction

This National Association of Mortgage Brokers (NAMB) Certification Applicant Handbook contains information on how to become a Certified Residential Mortgage Specialist (CRMS). It was created to help guide interested mortgage professionals through the certification application process. If, after reading the handbook, you have any questions about the policies and procedures of the NAMB Certification Program or about the processing of your application, please write, email, phone or fax NAMB using the following contact information:

Certification Department
National Association of Mortgage Brokers
7900 Westpark Drive
Suite T309
McLean, Virginia 22102

Telephone: 703-342-5900
Fax: 703-342-5905
Email: certification@namb.org
Website: <http://www.namb.org>

Eligibility standards, examination content, examination standards, fees, and guidelines are all subject to change. **If the revision date of this handbook is more than six months old, please acquire the current version before submitting your application.** The most current version of our handbook can be found under the “Certification” tab on the main page of our website, <http://www.namb.org>.

**WE RECOMMEND THAT YOU KEEP THIS HANDBOOK FOR REFERENCE
THROUGHOUT YOUR APPLICATION PROCESS**

"CRMS" and "CMC" are certification marks of the National Association of Mortgage Brokers (NAMB) and are registered with the United States Patent and Trademark Office. "General Mortgage Associate", "GMA", the GMA logo, "Certified Residential Mortgage Specialist", the CRMS logo, "Certified Mortgage Consultant", and the CMC logo are certification marks of the National Association of Mortgage Brokers (NAMB).

©1999-2007, National Association of Mortgage Brokers. All rights reserved. No part of this publication may be reproduced or transmitted by any means, electronic or mechanical, including photocopy, recording, or any other information storage and retrieval system, without permission in writing from the publisher.

TABLE OF CONTENTS




PROGRAM OVERVIEW ERROR! BOOKMARK NOT DEFINED.	PREPARING FOR THE EXAM 13
Exam Methodology..... 4	ADDITIONAL TESTING INFORMATION 13
Value of Certification..... 5	TAKING THE EXAM 13
Statement of Non-Discrimination..... 5	THE DAY OF THE EXAM CHECKLIST 14
Statement of Confidentiality..... 6	DURING THE EXAM..... 14
NAMB Code of Ethics..... 6	AFTER THE EXAM..... 14
NAMB Membership 7	RETAKE THE EXAM 14
How to Join..... 7	USING THE CRMS DESIGNATION 14
EXAM OVERVIEW..... 8	REVOCATION OF CERTIFICATION 15
BENEFITS OF BECOMING A CRMS 8	CONTINUING EDUCATION 15
WHO SHOULD TAKE THE EXAM..... 9	RECERTIFICATION 15
HOW TO APPLY FOR THE CRMS EXAM 9	CERTIFICATION APPLICATION..... 18
ELIGIBILITY REQUIREMENTS AND QUALIFYING POINTS 9	CRMS EXAM SPECIFICATIONS 23
SUBMITTING SUPPORTING DOCUMENTATION..... 10	CRMS EXAM STUDY GUIDE..... 29
DENIAL OF ELIGIBILITY 10	ANSWER KEY 37
FOREIGN LANGUAGE APPLICATIONS 11	MORTGAGE PROFESSIONALS ON THE VALUE OF CERTIFICATION..... 38
BACKGROUND CHECK..... 11	
CRMS EXAM FEES 11	
REGISTERING FOR THE CRMS EXAM..... 12	
SCHEDULING YOUR EXAM 12	
EXAM FORMAT 12	

OVERVIEW OF ALL NAMB CERTIFICATION EXAMS

NAMB established the GMA, CRMS, and CMC certification exams as a way of providing members with an opportunity to be recognized as leaders within the increasingly competitive field of mortgage brokering. Specifically, these three distinct yet complimentary exams were designed to:

- raise the standards and improve the practices of the mortgage brokerage profession;
- identify persons with demonstrated knowledge of the principles and practices of the mortgage profession, its related disciplines, and laws;
- develop a foundation for future leaders in the industry; and
- encourage qualified persons to pursue a program of professional development.

Each exam requires different levels of work experience, the accumulation of qualifying points (awarded based on multiple factors, including work experience and formal education) and the passing of a computer-based, multiple choice test. Awarded by the NAMB Certification Committee, the GMA, CRMS and CMC certifications identify the designee as having met the standards of required knowledge, skills, and abilities established by the Committee.

Which NAMB Certification Is Right for You?				
I am a....	NAMB Certification		Experience Required	Qualifying points required*
New Mortgage Broker or Loan Officer	General Mortgage Associate (GMA)		Entry level, no experience required	0 points
Experienced Mortgage Broker	Certified Residential Mortgage Specialist (CRMS)		At least two years of experience in the mortgage industry	50 points
Very experienced Mortgage Broker	Certified Mortgage Consultant (CMC)		At least five years of experience in the mortgage industry	100 points

* Points are accumulated through a combination of work experience, related experience, mortgage-related education, formal education, other designations, and industry leadership and participation.

Exam Methodology

Developing and maintaining credible and relevant certification programs requires a significant investment of resources. NAMB is fully committed to ensuring that our certification programs remain the most respected designations in the mortgage brokerage industry. While the GMA is an entry level exam, the CRMS and CMC certification exams are the result of a multi-step process that includes:

1. job analysis: a survey of mortgage industry experts to evaluate their level of knowledge and skills necessary for competent performance. (NAMB repeats this step every five years);
2. exam development: using the job analysis findings, create exam questions;
3. revalidation: frequently review the content of each exam to ensure that questions remain relevant as the profession evolves; and

4. performance and fairness reviews: all questions are reviewed extensively by subject-matter experts and psychometricians; outdated questions are removed or updated to stay in line with the natural flux of this industry.

Each exam is designed similarly to provide multiple-choice questions based on select subject-matter areas: the GMA exam features 125 questions within seven subject-matter areas; the CRMS exam has 125 questions within five subject-matter areas; and the CMC exam has 200 questions within six subject-matter areas. In all cases, four answer options are provided for each multiple-choice question. There are no “trick” questions. While no points are awarded for incorrect answers, no points are subtracted for incorrect answers either (i.e., incorrect answers have a point value of zero). This means that if you are uncertain of the correct answer, it is advantageous to make an educated guess.

Because these exams don’t measure “academic excellence” but rather competency, they are scored as either pass or fail. The exams are computer-based and are offered at exam sites throughout the U.S.

Additional information about the CMC exams can be found in a separate handbook available at the NAMB website.

Value of Certification

Members seeking certification should know that the benefits of achieving this distinction are far-reaching and will enhance your career and reputation. Certification:

- empowers competent, knowledgeable, and ethical mortgage brokerage professionals to distinguish themselves from competitors in the eyes of customers, peers, regulators, and employers;
 - advances higher standards of professionalism and industry education, thereby enhancing the credibility of the mortgage brokerage profession;
 - develops and maintains an examination that measures a core body of knowledge shared by competent professionals in the field;
 - establishes portable evidence of professional competence, recognized throughout the U.S.; and
 - promotes continuing professional development and ensures that certificants stay current with industry trends and changes.
-

Statement of Non-Discrimination

NAMB does not discriminate against any person on the basis of gender, age, sexual orientation, ethnicity, national origin, religion, disability or marital status as defined and prohibited by law.

Statement of Confidentiality

- The examination, test questions, and answers contained herein are the exclusive property of NAMB.
 - The examination and the items (questions and answers) contained herein are protected by copyright law. This examination may not be copied or reproduced in part or in whole by any means whatsoever, including memorization.
 - Future discussion or disclosure of the content of this examination, orally, in writing or by any other means is prohibited.
 - Any theft or attempted theft of exam items is punishable to the fullest extent of the law.
 - Your participation in any irregularity during this examination, including but not limited to giving or obtaining unauthorized aid, as evidenced by observation during the exam or by subsequent analysis, may result in the invalidation of the results of your examination, termination of your candidate status, revocation of your certification, civil liability, criminal prosecution, or other appropriate sanctions.
-

NAMB Code of Ethics

NAMB seeks to establish and maintain the highest standards of conduct and principles among its members. As applicants, NAMB members should recognize their responsibility for maintaining and promoting ethical practices. All NAMB certification applicants, even those who are not NAMB members, shall abide by NAMB's Code of Ethics, which are as follows:

- **Honest and Integrity:** NAMB members shall conduct business in a manner reflecting honest, honor, and integrity.
- **Personal Conduct:** NAMB members shall conduct their business activities in a professional manner. Members shall not pressure any provider of services, goods or facilities to circumvent industry professional standards. Equally, members shall not respond to any pressure placed upon them.
- **Honesty in Advertising:** NAMB member shall endeavor to be accurate in all advertisements and solicitations.
- **Confidentiality:** NAMB members shall avoid unauthorized disclosure of confidential information.
- **Compliance with Law:** NAMB members shall conduct their business in compliance with all applicable laws and regulations.
- **Disclosure of Financial Interests:** NAMB members shall disclose any equity or financial interest they may have in the collateral being offered to secure a loan.

NAMB Membership

If you're not already a member of NAMB, consider joining. Established in 1973, NAMB is the only national trade association representing the mortgage broker industry. With 50 state affiliates, and more than 27,000 members, NAMB promotes the industry through programs and services such as education, professional certification, and government affairs representation. NAMB members subscribe to a code of ethics and best lending practices that foster integrity, professionalism, and confidentiality when working with consumers.

Membership provides you with all of the products and services that associations typically offer, along with services specially tailored to the mortgage industry. Some of the benefits of NAMB membership include:

- entrance into NAMB's extensive grassroots member network;
- comprehensive educational opportunities that are reasonably priced and convenient – members pay a reduced fee for certification exams;
- subscription to *News from NAMB*, a weekly online newsletter, and the *National Mortgage Broker Magazine*, published monthly;
- access to consumer educational materials and other communications tools to help build and sustain relationships with your customers; and
- member-only discounts on a wide array of goods and services, including greatly-reduced rates to attend NAMB's annual convention.

How to Join

NAMB is a professional association with individual members, not mortgage companies. We are proud to have reciprocal membership agreements with many affiliated state associations across the country. This means that most of our members join by first contacting their local affiliated state association.

If you live in a state where we have an affiliated state association, you may join NAMB by completing the membership application for that state association. Your state and national dues are collected as a single fee by the state. Then, the national portion is forwarded to us. The vast majority of our members are required to join by this method. Please visit the "Member Resources" section on <http://www.NAMB.org> for more information.

Certified Residential Mortgage Specialist (CRMS) Certification Exam Information

Exam Overview

The Certified Residential Mortgage Specialist (CRMS) certification exam measures the knowledge of mortgage professionals who have been in the industry for at least two years. This exam was created as a way for mortgage professionals who have established themselves within the industry to validate their achievements through certification. The CRMS exam is open to NAMB members and non-members. If you're applying for this exam and

are NOT a NAMB member, please visit www.NAMB.org to find out how you can join.

Benefits of Becoming a CRMS

In today's competitive market, it's more difficult than ever to stand out from the competition. Attaining the CRMS certification demonstrates your knowledge of the principles and practices of the mortgage profession, its related disciplines and laws, and shows that you have mastered the core skills that allow your business to grow. Consider the following benefits:

<i>BENEFITS OF BEING A NAMB CERTIFIED MORTGAGE BROKER...</i>	
<i>Career Rewards</i>	<ul style="list-style-type: none">◆ Differentiation from competitors◆ A valued addition to your resume/CV◆ On-the-job recognition◆ Professional achievement
<i>Rewards From NAMB</i>	<ul style="list-style-type: none">◆ Certificate recognizing you as a CRMS◆ Authority to use the CRMS logo on letterhead, business cards and all forms of address◆ Access to self-marketing brochures◆ Inclusion in NAMB's "Directory of Certified Mortgage Professionals" (found on-line and in the NAMB magazine)◆ Industry recognition via print and online media communications
<i>Personal Rewards</i>	<ul style="list-style-type: none">◆ Personal confirmation that you've chosen the right career path for yourself◆ Confidence in having achieved distinction in one of the most competitive industries in America◆ Pride at being a part of an organization that supports its members◆ Potential career growth opportunities

WHO SHOULD TAKE THE EXAM?

The CRMS exam is for mortgage professionals who:

- have at least two years of mortgage industry experience;
- specialize in residential mortgage lending;
- are currently employed in the mortgage brokerage industry;
- possess and have documented a minimum of 50 qualifying points (achieved through a combination of work experience, mortgage-related education, formal academic education, other professional designations, industry leadership and participation);
- agrees to abide by, and has no violations against, the NAMB Code of Ethics; and
- agrees to abide by, and has no violations against, NAMB's best-lending practices.

HOW TO APPLY FOR THE CRMS EXAM

Candidates wishing to take the CRMS exam must first apply to NAMB for eligibility. The application process includes successfully completing the CRMS Examination Application, providing all requested and

necessary documentation, and submitting an application fee. A copy of the application is included at the end of the CRMS section.

Remember: if the revision date of this handbook is more than six months old, please acquire a current version of the application by clicking on "Certification Handbook" under the "Certification" tab at <http://www.NAMB.org>.

ELIGIBILITY REQUIREMENTS AND QUALIFYING POINTS

CRMS Candidates must document at least 50 qualifying points through a combination of work experience, mortgage-related education, formal academic education, other professional designations, and industry leadership and participation. See below for the following point structure (For each category, candidates must have a minimum and maximum in order to achieve eligibility).

Of the 50 points, at least 10 points must be from work experience in the mortgage industry and at least 20 points must be from mortgage-related educational activities.

CRMS Qualifying Points		
Categories	Qualifiers	Points
Category I	Work Experience	5 points per year
Category II	Mortgage Education	1 point per credit hour or 1 point per class
Category III	Formal Education	3 – 10 points depending on degree
Category IV	Professional Certifications	5 points per mortgage industry credential 15 points per NAMB credential
Category V	Leadership & Participation	Points vary according to level of participation

SUBMITTING SUPPORTING DOCUMENTATION

When submitting supporting documentation of qualifying points, please note the following:

- Do not send original diplomas. Photocopies are sufficient but must be notarized.
- To substantiate your mortgage-related educational activities, you may submit either original or notarized photocopied *certificates* of completion OR original or notarized photocopied
- letters of completion (issued by an educational activity provider). All must include:
 - ✓ the name of the person who completed the educational activity;
 - ✓ the date(s) of instruction or date of course completion;
 - ✓ the title of the educational activity;
 - ✓ the name of the educational activity provider; and
 - ✓ the number of clock hours or credit hours of the educational activity.

DENIAL OF ELIGIBILITY

It is possible for your application to be denied. If this occurs, you will be notified by email and informed of the reason(s) for the rejection. You may appeal this decision in writing within 30 days of receipt of denial.

The application can be rejected if:

- the application is illegible or incomplete;
- the application is from an outdated version of the NAMB handbook;
- the required number of qualifying points is not achieved
- the application fee is incorrect or missing;

- you possess a history of criminal conduct involving financial offenses, misrepresentation, fraud or abuse.

All applicants have 45 days to submit the missing items or the application will be invalidated and all fees will be forfeited.

■ **Outdated and Incomplete application**

If your application is submitted incomplete (e.g., fails to document your qualifying points, is from an outdated version of the NAMB handbook or does not include the applicant's signature and date), you will be notified by email which items are missing. Applicants still interested in seeking eligibility are welcome to reapply and are responsible for all applicable fees.

■ **Not enough qualifying points**

If your application is complete but you are short on qualifying points, you will be informed by email how many points you still need to qualify.

■ **Missing application Fee**

Applications received without complete payment will not be processed. Applicants still interested in seeking eligibility are welcome to reapply and are responsible for all applicable fees.

■ **History of criminal conduct**

A felony conviction is not an absolute bar to apply for certification. Each case will be evaluated individually. All applicants must enclose a signed letter of explanation and a copy of all pertinent court documents or arrest reports related to the conviction with your application (**those convicted of felonies of a financial nature are not eligible to sit for any of the exams**).

FOREIGN LANGUAGE APPLICATIONS

Applications and documents submitted in a language other than English must be translated by a translation agency and include a valid signature attesting to its content.

BACKGROUND CHECK

NAMB reserves the right to perform a criminal history check on all applicants. By submitting an application, you are authorizing NAMB to access your confidential information including employment, academic, and criminal records. This authorization is in effect until permission is revoked in writing.

If an application is rejected based on a history of criminal conduct, you may appeal this decision with a Notice of Appeal to the NAMB Certification Committee within 30 days of denial. Include name, contact information, any supporting documentation, and a brief description of your situation. Send, fax or email to the NAMB contact information found on page four (4) of the handbook.

CRMS EXAM FEES

The CRMS fee to be submitted with the CRMS

Application is **\$200 for NAMB members** and **\$350 for non-members**. An additional fee of **\$200 for NAMB members** and **\$300 for non-members** will be submitted with the registration form after the application has been approved.

A \$25 discount on the CRMS application fee is available to those who attend a NAMB Certification Workshop.

Acceptable methods of payment for NAMB exam fees include:

- Money order;
- Check (cashier's, company or personal), made payable to NAMB;
- and Credit card (VISA, MasterCard and American Express)

There is an insufficient funds fee of \$25 for returned checks or if your credit card payment is declined. We will only accept subsequent payment by money order or cashier's check.

Please note that all fees and discounts are subject to change and that **all fees are non-refundable**. There are no exceptions to this policy.

CRMS Exam Fees		
Membership Status	Member	Non-member
Application Fee	\$ 200	\$350
Registration Fee	\$ 200	\$300
Re-examination Fee	\$ 140	\$ 140

REGISTERING FOR THE CRMS EXAM

Once you have been notified that you met the eligibility requirements and are a CRMS exam candidate, you must successfully complete a CRMS Exam Registration form, providing all requested and necessary documentation and submitting an application fee (Refer to page 10).

SCHEDULING YOUR EXAM

Dates are subject to change. Instructions and directions to the test center are provided once a reservation is made. All candidates must be sure to schedule their exam to occur before the expiration of the one-year examination period. Once the registration form and fee have been processed, applicants will be sent a confirmation email including information needed to schedule and prepare for the exam. Candidates may schedule their exam at one of Thomson Prometric's (testing provider) convenient and exam locations. Candidates can locate a Thomson Prometric test center within a 50

mile radius of their home and new sites are added regularly. A list of test sites in your state is available at Thomson Prometric's website: <http://www.prometric.com>.

Exam reservations are taken on a first-come, first-served basis. Reserve your date well in advance as test sites reach capacity quickly; have an alternate test date and site picked out in case your first choice is unavailable.

EXAM FORMAT

The CRMS exam is computer based and contains **125 multiple-choice questions** that fall within **five subject-matter areas**. Each subject-matter area is weighted to reflect its relative importance to the practice of a mortgage broker who has at least two years of industry experience and specializes in residential mortgage lending. To pass the CRMS exam, you must answer at least 75% of the exam questions correctly.

Subject-Matter Area	% of Exam Content	# of Items	Sub-Categories
General Industry Knowledge	24	30	Product pricing; appraisals; automated underwriting; financial calculator; loan programs; financial statements; mortgage industry origin; transaction analysis; primary and secondary markets; tax laws; government agencies; development and construction lending; mortgage types
Business Practices and Ethics	12	15	Professionalism; business ethics and integrity; handling customer funds; customer/broker relationship; advertising business to business and business to consumer; contents to a wholesale broker agreement; fraud
Insurance	5	6	Hazard; Mortgage; Title; Credit and Life; Builders; Business
Laws and Compliance	19	24	Fraud; real estate law; regulatory compliance
Residential Financing	40	50	Closing process and documentation; loan originating; pre-qualification process; underwriting procedures; post-closing; government agencies; client document evaluation; wholesale broker agreement; equity and non-conforming Lending

PREPARING FOR THE EXAM

The following may be helpful as you prepare for the exam:

- Exam specifications and a study guide with sample questions are provided at the end of the CRMS section. The sample questions are arranged in order of content area; however, on the exam, the questions are in random order.
- Answer all of the sample questions to see if there are any subject areas with which you have difficulty. You should review those subjects prior to taking the exam.
- Study the format of the sample questions; the exam questions will follow the same format. All of the questions are multiple-choice, will have only one correct answer, and can be answered independent of other questions.
- Reference materials used during the development of the exam are cited in the Reference List at the end of this handbook. NAMB does not recommend that you read all of these reference materials before taking the exam; however, you may want to refer to specific sources for help with subjects in which you need additional review.
- Before your scheduled exam date, make sure you know the exact location of the test site. Know the best way to get there, where parking can be found, and the location of the exam room.

ADDITIONAL TESTING INFORMATION

Candidates with Disabilities

If you are unable to take the exam in person because of a disability, you may request a reasonable accommodation. Make your request by checking “yes” in the “Disability Accommodation Requested” option in section one of the CRMS Application. Please be sure to include all supporting documentation including a letter from a licensed medical professional who is currently providing you treatment. If you are learning disabled, please also submit a

diagnosis of the disability corroborated by psychological testing. See the Application Checklist at the end of this handbook for documentation requirements. NAMB will grant reasonable accommodations on a case-by-case basis to ensure that all candidates have the same opportunities to be tested.

Bad Weather

The exam will be delayed or canceled only in emergencies. If severe weather or a natural disaster makes the test site inaccessible or unsafe, the exam will be canceled and candidates will be notified by the testing center. Exams that are canceled due to bad weather will be rescheduled as soon as possible without additional charge.

Test Security

Before taking the examination, you must read, understand, and agree to the terms listed in the Statement of Confidentiality during the scheduling process. Failure to comply with the terms in the Statement of Confidentiality may result in the invalidation of the results of your examination, termination of your candidate status, revocation of your certification, civil liability, criminal prosecution or other appropriate sanctions.

Cancelling, Arriving Late or Failing to Appear

If you arrive late to your exam, you will be considered absent and will need to reschedule. The same applies to those who cancel or miss the exam altogether. In both cases, you must reschedule your exam within four business days of your original exam date. Failure to do so will result in your loss of exam eligibility and all paid fees.

TAKING THE EXAM

The CRMS exam is conducted via computer. Questions and answer options are displayed on a touch-sensitive computer screen that records your responses and automatically time the exam. You are able to change your answers, skip questions, and flag questions for later review. Your exam will be automatically scored as you

complete it; you will know your results before

While you do not need extensive computer experience to take this exam, you have the option to take a tutorial to familiarize yourself with how to take the test before starting your exam. The time spent learning the testing system will not be deducted from the time you are allotted to complete the exam. Test site proctors are available to answer questions you may have about the computer's testing system but they cannot answer any questions about the content of the examination.

You are permitted up to 2.5 hours to complete the CRMS exam. However, be prepared to commit up to four (4) hours to the testing process to allow time for registration, a computer-based testing tutorial, and an exit survey.

THE DAY OF THE EXAM CHECKLIST

- ✓ Arrive at least 30 minutes before your scheduled exam time to allow time to register and have your identification verified.
- ✓ Bring two forms of identification bearing your name and signature. At least one must be government-issued and include a recent photograph. (Non-US citizens must bring a valid passport.)
- ✓ Confirmation of your exam date and time.
- ✓ A *financial* calculator (Please review list of acceptable calculators).

DURING THE EXAM

Rules are in place to ensure that every test taker has the same opportunity for success while taking this exam. Failure to follow the rules of the testing center may result in dismissal from the testing site and possible additional sanction.

AFTER THE EXAM

All candidates will receive a print out copy of their score report minutes after completing the exam. The score report will provide a break

you leave the test site.

down of the percentage passed in each content area and will include a cumulative passing score of the entire exam. For those who successfully pass the CRMS exam a congratulatory email along with the CRMS logo will be provided and a CRMS Welcome Packet will be mailed within 2- 3 weeks of the exam date. For those who fail, an email confirming the score and a re-examination form will be sent via email.

Note: Please do not contact NAMB unless you have not received a notice (via email) within two weeks of your exam date

RETAKING THE EXAM

A candidate who fails the CRMS exam may retake it one more time. Candidates must wait at least one month before being eligible to retake the exam and the exam must be taken within the one year exam eligibility period. If you fail the exam once, NAMB will email you confirmation and a Re-examination Registration Form. **Please submit the form along with the \$140 re-examination registration fee, after the one-month waiting period.**

If you should fail the exam twice, you are welcome to reapply for eligibility and begin the application process after a mandatory one-year waiting period (note: the date you were notified of the *second* failed exam begins your waiting period).

USING THE CRMS DESIGNATION

The CRMS designation is valid for three years through 31 December following the date on which the certification exam was passed. For example, if you pass the CRMS exam on May 20, 2006, your certification will be valid through December 31, 2009.

Once you are a certified CRMS:

- you are entitled to display the CRMS Certification Mark;
- your name will be published in NAMB's "Directory of Certified Mortgage

Professionals” (found on-line and in the NAMB magazine);

- if you are also a NAMB “Professional” member, your name will appear before non-members in the NAMB Find-A-Broker search engine. (If you’re not a member, please visit <http://www.NAMB.org> to learn about benefits of membership); and
- automatic Silver Medallion Status, entitling you to various benefits including discounted NAMB conference registration fees.

REVOCATION OF CERTIFICATION

NAMB reserves the right to revoke a CRMS certification if the designee:

- divulges exam content;
- commits false representation (misrepresents himself or herself or attempts to take the exam for someone else);
- cheats on the examination;
- violates the NAMB Code of Ethics;
- violate the NAMB Best Business Practices;
- uses the Certified Residential Mortgage Specialist” or “CRMS” designation in a manner which creates the appearance that a business, company or other group is certified by NAMB;
- “otherwise misuses the “Certified Residential Mortgage Specialist” or “CRMS” designation;
- pleads guilty or nolo contendere to or is found guilty of financial offenses, physically violent offenses or offenses involving misrepresentation or fraud; and fails to satisfy the recertification requirements by the 31st day after the certification expiration date.

CONTINUING EDUCATION

To ensure that NAMB-certified mortgage brokers stay current of changes in the industry, and to provide continuing educational development, CRMS designees are required to complete at least 30 hours of mortgage-related continuing education every three years to maintain their certification.

RECERTIFICATION

The CRMS certification is valid for three years. You may recertify for the next three years by submitting—during the last year of your CRMS certification period—a completed recertification application, **recertification fee of \$150** for members and **\$250 for non-members**, and documentation of successfully completing the required 30 hours of mortgage-related continuing education.

All materials must be received before your current certification expires, so make a note of that date - it is your responsibility to remember when your certification expires. If an application is not submitted before the expiration date, the certification will be suspended for 30 days during which you may still apply for recertification. However, if after 30 days you have not applied your certification will be canceled. If you wish to become certified again, you are welcome to reapply to take and pass the certification exam.

Successful recertification depends on submitting a complete application and appropriate fee. Incomplete applications will not be considered.

Recertification fee discounts are available for:

- passing the examination within 90 days of the date of eligibility (first recertification fee waived);
- passing the examination within 180 days of the date of eligibility (\$25 discount on first recertification fee); and
- serving as a mentor to a successful CRMS or CMC applicant (\$25 discount on the recertification fee per successful applicant mentored).

NOTE: Dually certified CRMS and CMC individuals pay one recertification fee every three years, rather than two recertification fees.

CRMS APPLICATION CHECKLIST

HOUSEKEEPING

- ◆ Read the entire NAMB Certification Applicant Handbook carefully before completing this application. It is important that you properly follow the directions and provide all of the information necessary to successfully process your application.
- ◆ Confirm that this application is the MOST CURRENT version. Outdated applications will not be processed.

CRMS Checklist Review

- ✓ Please either print in ink or type your application.
- ✓ Attach all supporting documentation (copy of certificate or letter of completion, college degree if applicable, etc.)
- ✓ Remember to include the application fee. The application will not be processed without it.
- ✓ If you are unsure of your membership status, contact NAMB Membership or your State Association.
- ✓ Remember to sign and date the application. It will not be processed if either is missing.



Admin Use Only	
TP _____	P _____
M/NM _____	



Certified Residential Mortgage Specialist[®] (CRMS[®]) CERTIFICATION APPLICATION

SECTION 1: PERSONAL DATA

Please print the name you would like printed on your certificate.

Name: Mr. Ms. _____

FIRST NAME
M.I.
LAST NAME
SUFFIX

Social Security Number _____ Date of Birth: _____ / _____ / _____
Month / Day / Year

SECTION 2: CONTACT INFORMATION

Unless otherwise requested in writing by you, most correspondence regarding your application and certification will be sent to you by email.

This address is: Home Business

Company Name: _____

Street Address: _____ Suite Number: _____

City: _____ State: _____ Zip: _____

Telephone: _____ Fax: _____ Email: _____

SECTION 3: HISTORY OF CRIMINAL CONDUCT

Have you ever been convicted of a felony? Note: A felony conviction is not an absolute bar to apply for certification. Each case will be evaluated individually. If this applies to you, please enclose a signed letter of explanation and a copy of all pertinent court documents or arrest reports related to the conviction with your application (those convicted of felonies of a financial nature are not eligible to sit for any of the exams).

No Yes (please attach supporting documentation)

SECTION 4: FEES (IN U.S. DOLLARS)

Your application fee is non-refundable. The application fee is \$350. The discounted application fee for NAMB Members is \$200.

<p><i>Checks or money orders should be made payable to NAMB and mailed with the application to:</i></p> <p>NAMB Certification Department 7900 Westpark Drive, Suite T-309, Mclean, VA 22102</p>	
<p><input type="checkbox"/> Check <input type="checkbox"/> Money Order</p> <p>A check in the amount of \$ _____ is enclosed for the application fee above.</p> <p>Check No. _____</p>	
<p><input type="checkbox"/> Credit Card</p> <p>I authorize NAMB to charge \$ _____ to my: <input type="checkbox"/> VISA <input type="checkbox"/> MasterCard <input type="checkbox"/> American Express</p> <p>Account #: _____ Expiration Date: _____</p> <p>Applicant's Signature: _____ Date: _____</p>	

SECTION 5: ELIGIBILITY REQUIREMENTS & QUALIFYING POINTS

An applicant must earn a minimum of **50** qualifying points within the following five categories to be eligible for candidate status and to take the CRMS exam. Each category is outlined in each of the corresponding sections of the application. A complete breakdown is provided below, including their corresponding minimum points required and maximum points available.

Category #	Category Name	Minimum Requirement	Maximum Available
Category I	Work Experience	10	30
Sub cat. A	<i>Mortgage Business</i>	10	25
Sub cat. B	<i>Related Business</i>	0	15
Category II	Educational Activities	20	40
Category III	Formal Education	0	27
Category IV	Professional Certifications	0	15
Category V	Leadership & Participation	0	15

CATEGORY I - WORK EXPERIENCE

MINIMUM 10 POINTS - MAXIMUM 30 POINTS

Points will be given for work experience in a **Qualifying Occupation** within the mortgage-brokerage industry. **Five (5) points per year will be given for Mortgage Business work experience and three (3) points per year will be given for Related Business work experience.**

QUALIFYING OCCUPATIONS

MORTGAGE BUSINESS (MB) - 5 points per year (minimum 10 - maximum 25)

Mortgage Broker | Mortgage Banker | Mortgage Underwriter | Mortgage Office Manager
 Loan Officer | Loan Originator | Loan Processor | Wholesale Mortgage Account Manager

RELATED BUSINESS (RB) - 3 points per year (minimum 0 - maximum 15)

Real Estate Broker | Real Estate Salesperson | Real Estate Appraiser | Commercial Banker | Savings & Loan Officer |
 Executive Officer of a Real Estate Lender | Title Officer | Title Industry Member or Employee | Financial Planner |
 Accountant | Attorney

Company Name _____ Qualifying Occupation _____
 Supervisor's Name _____ Supervisor's telephone number _____
 Number of year(s) employed _____ X **5 (MB) or 3 (RB)** = **Points Earned**

Company Name _____ Qualifying Occupation _____
 Supervisor's Name _____ Supervisor's telephone number _____
 Number of year(s) employed _____ X **5 (MB) or 3 (RB)** = **Points Earned**

Company Name _____ Qualifying Occupation _____
 Supervisor's Name _____ Supervisor's telephone number _____
 Number of year(s) employed _____ X **5 (MB) or 3 (RB)** = **Points Earned**

Company Name _____ Qualifying Occupation _____
 Supervisor's Name _____ Supervisor's telephone number _____
 Number of year(s) employed _____ X **5 (MB) or 3 (RB)** = **Points Earned**

Total Points Earned

CATEGORY II – EDUCATIONAL ACTIVITIES**MINIMUM 20 POINTS – MAXIMUM 40 POINTS**

Applicants will receive one (1) point per documented clock hour or credit hour for each mortgage-related educational activity. This includes courses, seminars, and workshops taken within the five-year period preceding the date of the application. **There is an eight (8) point maximum per day of educational activity.**

Documentation must be in the form of a photocopy or original certificate or letter of completion issued by the educational activity provider, and must cite the listed information below. All educational activities must be provided by an approved Provider.

MORTGAGE –RELATED EDUCATIONAL ACTIVITY:

Educational Provider	Educational Activity	Location	Date (s)	Clock / Credit Hours

***Please attach documentation of all completed educational activities.**

Total Points Earned

CATEGORY III – FORMAL EDUCATION**MINIMUM 0 POINTS – MAXIMUM 27 POINTS**

Varying points are available for degrees from fully accredited schools. **Documentation must be in the form of a photocopy of a diploma. Points are not available for incomplete degrees. Please check the degrees you have completed and attach documentation.**

ACCREDITED SCHOOLS

Middle States Association of Colleges and Schools | North Central Association of Colleges and Schools | Southern Association of Colleges and Schools | New England Association of Schools and Colleges | Northwest Association of Schools and Colleges | Western Association of Schools and Colleges

DegreePoint Value

Associate’s degree in a mortgage- or finance-related field

5

Bachelor’s degree in any field

10

Master’s degree in any field

5

Doctoral degree in any field

7

Total Points Earned

CATEGORY IV – PROFESSIONAL DESIGNATIONS**MINIMUM 0 POINTS – MAXIMUM 15 POINTS**

Applicants can earn points for having a current, valid professional certification (s). **Applicants will receive five (5) points per professional certification listed below. *Fifteen (15) points per NAMB designation. Documentation must be in the form of a photocopy or a currently valid certificate.**

ABR – Accredited Buyer Representative	Manager	Financial Planner	Luxury Home Marketing Specialist
ABRM – Accredited Buyer Representative Manager	CRE – Counselor of Real Estate	CGA – Certified Graduate Associate	CMB – Certified Mortgage Banker
AHWD – At Home with Diversity	CREA – Certified Real Estate Appraiser	CMPS - Certified Mortgage Planning Specialist	CMP – Certified Mortgage Professional
ALC – Accredited Land Consultant	CRMU – Certified Residential Mortgage Underwriter	CSP – Certified New Homes Sales Professional	CMT – Certified Mortgage Technologist
ARO – Accredited Residential Originator	CRP – Certified Risk Professional	DREI – Distinguished Real Estate Instructor	MAI – Member Appraisal Institute
ARU – Accredited Residential Underwriter	CRS – Certified Residential Specialist	GAA – General Accredited Appraiser	MCSP – Master Certified New Home Sales Professional
ASA – American Society of Appraisers	CBG – Certified Graduate Builder	* GMA – General Mortgage Associate	RAA – Residential Accredited Appraiser
* CMC – Certified Mortgage Consultant	CCIM – Certified Commercial Investment Member	GMB – Graduate Master Builder	SIOR – Society of Industrial and Office Realtors
CPA – Certified Public Accountant	C-CREC – Certified-Consumer Real Estate Consultant	GRI – Graduate Realtor Institute	SRA – Senior Residential Appraiser
CPM – Certified Property Manager	CEBA – Certified Exclusive Buyer Agent	CIPS – Certified International Property Specialist	SREA – Senior Real Estate Analysis
CRB – Certified Real Estate Brokerage	CFP – Certified	CLHMS – Certified	

Total Points Earned **CATEGORY V – LEADERSHIP & PARTICIPATION****MINIMUM 0 POINTS – MAXIMUM 15 POINTS**

Varying points are allocated per year of leadership and participation (or per article) specified below. **Points are available only for documented leadership and participation activities within the five-year period preceding the date of the application.**

<p>10 Points - NAMB President</p> <p>9 Points - NAMB State Affiliate ; Association President ; NAMB Education Program Instructor</p> <p>6 Points - NAMB State Affiliate Association Local Chapter President; NAMB Officer</p> <p>5 Points - NAMB Director; NAMB State Affiliate Association Officer; NAMB Committee Chair; Attended NAMB Annual Convention; Mortgage Industry Organization Education</p>	<p>4 Points - NAMB State Affiliate Association Director; NAMB State Affiliate Association Local Chapter Officer; NAMB Committee Vice Chair</p> <p>3 Points - NAMB State Affiliate Association Local Chapter Director; Mortgage Industry Organization Officer or Director; NAMB Committee Member; Attended NAMB Legislative Conference; Sole author of published book or article (at least 7,500 words), industry-related</p> <p>2 Points - NAMB State Affiliate Association or Local Chapter Committee Chair</p> <p>1 Point - NAMB State Affiliate Association or Local Chapter Comm. Vice Chair or Member; Attended NAMB State Affiliate</p>
--	---

Total Points Earned

SECTION 6: APPLICATION STATEMENT, AGREEMENT, & AUTHORIZATION

I hereby apply for Certified Residential Mortgage Specialist™ (CRMS™) candidate status and pledge to abide by the **NAMB Code of Ethics** and **NAMB Best Business Practices Guidelines** in their current form and as they may be hereafter amended. I certify that the information contained in this application is true and accurate to the best of my knowledge and hereby authorize NAMB to investigate all statements contained in this form. I hereby grant NAMB permission to access my confidential information, including criminal, employment, and academic records, indefinitely until such permission is revoked in writing. I agree that I shall be subject to the recertification requirements and recertification fees in force at the time of recertification, even when those requirements or fees differ from the requirements or fees in force at the time of initial certification or prior recertification. I understand and agree that any information submitted by me may be provided by NAMB to law enforcement agencies and federal, state, county, and local regulatory agencies at the discretion of NAMB or the request of such agencies. I have read and agree to be bound by the **NAMB Policy and Procedures Manual** in its current form and as it may be hereafter amended.

Signature _____

Date _____

CRMS Exam Specifications

General Industry Knowledge

Weighting = 24%

Number of Items = 30

A. Origin of the mortgage industry

1. How it started and why
2. Terminology (including fiduciary duty)

B. Primary and secondary markets

1. Primary
 - a) Financial institutions
 - b) Mortgage bankers
 - c) Mortgage brokers
2. Secondary
 - a) Fannie Mae
 - b) Freddie Mac
 - c) Securities dealers
 - d) Conduits
 - e) Portfolio lenders
3. Seller-Servicer

C. Government agencies

1. Fannie Mae
2. Freddie Mac
3. Ginnie Mae
4. Federal Reserve Bank
5. Department of Housing and Urban Development (HUD)
6. Veteran's Administration (VA)
7. Federal Trade Commission (FTC)

D. Financial markets

1. Bonds
2. Treasury bills
3. LIBOR (London Inter-Bank Offering Rate)
4. COFI (Cost of Funds Index)
5. Statistical reports (consumer price index, unemployment statistics, etc.)
6. Impact of monetary policy

E. Different types of mortgages

1. Reverse
2. Wrap around

3. Farm
4. Adjustable rate
 - a. Index
 - b. Margin
 - c. Deferred Interest/Negative Amortization
5. Balloon
6. Line of credit
7. Construction
8. Construction to permanent
9. Lot/land
10. Rehabilitation
11. Fixed rate
12. Interest only
13. Buy-downs
14. Bridge loans
15. Biweekly
16. Manufactured Housing
17. Prepayment Penalty

F. General real estate principles

1. Rights of way (e.g., ingress/egress, easements)
2. Mineral rights
3. Water rights
4. Personal vs. real property
5. Legal descriptions
6. Encroachment
7. Zoning

G. Appraisals

1. Types of appraisals
 - a) Narrative
 - b) Letter
 - c) Uniform Residential Appraisal Report
 - d) Short form (2055, 2065 & 2075)
2. Analyzing appraisals
 - a) Approaches to valuation (e.g., cost, income, market)
 - b) Types of obsolescence
3. Appraisal terms

H. Environmental liability and its impact as related to physical hazards (i.e., asbestos, oil heat, gasoline, lead paint)

I. Impact of tax laws on mortgage industry

1. Customers
 - a) Legal implications of giving tax advice
 - b) Tax deductibility as it relates to the mortgage process
 - (1) Points
 - (2) Interest

Business Practice

Weighting = 12%
Number of Items = 15

- A. Professionalism, business ethics, and integrity**
1. NAMB Code of Ethics
 2. Building and maintaining business relationships
 - a) With the investor
 - b) With the borrower
 - c) Referral source
 3. Honoring the lock-in
 - a) With the investor
 - b) With the borrower
 4. Disclosures

- B. Handling customer funds**
1. Trust/escrow accounts
 2. Impound accounts
 3. Repair holdbacks accounts

C. Customer/broker relationship as related to brokerage disclosure agreement

- D. Advertising**
1. To the customers
 2. To the public

- E. Contents of a wholesale broker agreement**
1. Fraud
 2. Buy-back
 3. Compliance
 4. Early default
 5. Churning
 6. Premium recovery

Insurance

Weighting = 5%
Number of Items = 6

- A. Hazard insurance**
1. Condo
 2. Flood
 3. Force place
 4. Homeowners
 5. Fire and extended coverage

- B. Mortgage insurance**
1. Purpose
 2. Fannie/Freddie requirements
 3. Types (e.g., lender paid, single premium)
 4. Coverage

- C. Title insurance**
1. Types
 2. Purpose

- D. Builders insurance**
1. Performance bonds
 2. Homeowners warranty

Laws and Compliance

Weighting = 19%
Number of Items = 24

- A. Mortgage law and regulatory compliance**
1. Understanding RESPA (Real Estate Settlement Protection Act)
 - a) Good Faith
 - b) HUD-1
 - c) Settlement cost booklet
 - d) Notice of transfer of servicing
 - e) Aggregate escrow analysis
 - f) Kick backs and referral fees
 - g) Reg. X
 - h) Exempt transactions
 - i) Terms defined in RESPA
 - j) Settlement services
 - k) Penalties
 2. Truth in Lending Act
 - a) Charn handbook
 - b) HELOC booklet
 - c) Reg. Z
 - d) APR
 - e) Finance charges
 - f) Section 32
 - g) Advertising

- h) Credit lines
- i) Exempt transactions
- j) Terms defined in TILA/Reg. Z
- k) Penalties
- 3. Fair lending laws
 - a) FHA (Fair Housing Act)
 - b) ECOA (Equal Credit Opportunity)
 - c) HMDA (Home Mortgage Disclosure Act)
 - d) CRA (Community Reinvestment Act)
 - e) FCRA (Fair Credit Reporting Act)

B. Real estate law

- 1. Reading and understanding real estate documentation
 - a) Purchase agreements
 - b) Land contracts or agreements for deed
 - c) Lease options
 - d) Land leases
- 2. Understanding general real estate law
 - a) Eminent domain
 - b) Liens
 - c) Foreclosure procedures
 - d) Types of ownership
 - e) Deeds
 - f) Probate issues
 - g) Condemnation
 - h) PUD
 - i) Fraud
 - j) Contracts
 - k) CC&Rs
 - l) HOAs

C. Fraud

- 1. Preventing
- 2. Detecting
- 3. Understanding the consequences
- 4. Definition
- 5. Identifying potential sources
- 6. Taking corrective actions when fraud has occurred
- 7. Reporting

Residential Financing

Weighting = 40%
Number of Items = 50

A. Pre-qualifying and initial application

- 1. Functions of a financial calculator

- a) Identifying the five financial functions
 - (1) Payment
 - (2) Future value
 - (3) Term
 - (4) Interest rate
 - (5) Present value
- b) Determining annual percentage rate
- 2. Pre-qualifying process
 - b) Knowing the difference between pre-approval vs. pre-qualifying
 - c) Taking preliminary financial information
 - d) Determining acceptability of funds for closing
 - d) Performing a credit evaluation
 - e) Performing an income evaluation
- 3. Mortgage loan program guidelines
 - a) Pre-qualifying the customers
 - b) Determining customer needs
- 4. Analysis of a transaction
 - a) Credit
 - b) Collateral
 - c) Character
 - d) Capacity
- 5. Originating a loan
 - a) Residential loan application
 - (1) Uniform
 - (2) Lender specific
 - a) Compliance documents
 - b) Disclosure documents (i.e., GFE, TIL initial)
 - d) Lock-in and float agreements
- 6. Mortgage product pricing
 - a) Add-ons
 - b) Net price
 - c) Service Release Premium-SRP's
 - d) Effective yield
 - e) Lender fees

B. Processing and Underwriting

- 1. Assembling, verifying and evaluating all information represented by customer
 - a) Financial statements
 - (1) Personal
 - (2) Corporate
 - (3) Partnership
 - b) Credit history
 - (1) Credit scoring
 - c) Income
 - d) Expenses

- e) Property
- f) Assets
 - (1) Stocks/mutual funds
 - (2) Retirement
 - (3) Closely held corporation
 - (4) Mattress money
- g) Tax returns and all schedules
- 2. Underwriting procedures and guidelines
 - a) FHA
 - (1) UFMIP (Up Front Mortgage Insurance Premium)
 - b) VA
 - c) Government sponsored entities
 - d) Private investors
 - e) Conduits
 - f) Automated underwriting
 - g) CAIVRS (Credit Alert Interactive Voice Response System)
- 3. Equity and Non-conforming lending as related to understanding underwriting procedures and guidelines
 - a) Equity
 - b) Sub-prime (B, C, D)

- c) Jumbo
- d) HELOC (Home Equity Line of Credit)
- 4. Components of the lender commitment letter
- 5. Adverse action procedures

C. Closing/Escrow

- 1. Closing process
 - a) Fee sheets (broker demands)
 - b) Final conditions
 - c) General conditions
 - d) Surveys
 - e) Review
 - f) Inspections
 - g) Aggregate accounting
 - h) Prorations
- 2. Closing documents
 - a) Uniform Settlement Statement (HUD-1)
 - b) Note (Riders) and Mortgage / Deed of Trust
 - c) TIL Federal Box Form
 - c) Compliance documents
 - d) Notice of right to cancel

CRMS Exam Study Guide

The following five sections of this study guide provide questions similar to the ones you will encounter in the CRMS exam. The number of questions appearing below is proportional to the number of questions that appear on the exam.

Section I: General Industry Knowledge

1. The fluctuating economic indicator that is used as the basis for MOST adjustable rate mortgages is the:
 - (A) Cap
 - (B) Margin
 - (C) Index
 - (D) Discount
2. With FNMA bi-weekly mortgage, how many payments must be drafted from a borrower's bank account each year?
 - (A) Either 26 or 27
 - (B) 12
 - (C) 22
 - (D) Either 24 or 25
3. Reverse annuity mortgages are designed for elderly homeowners with which of the following?
 - (A) Low equity and low cash flow
 - (B) Low equity and high cash flow
 - (C) High equity and low cash flow
 - (D) High equity and high cash flow
4. The market in which mortgages are created and funds are loaned directly to borrowers is the:
 - (A) Stock market
 - (B) Primary market
 - (C) Over the counter market
 - (D) Secondary market
5. One of the major concerns of servicing is that:
 - (A) Loan documents are recorded properly
 - (B) The loan complies with investor guidelines
 - (C) All application documentation is accurate
 - (D) Loans are paid as agreed
6. FNMA biweekly mortgages require drafting the borrower's bank account:
 - (A) Once a month
 - (B) Twice a month
 - (C) Every 14 business days
 - (D) Every 14 calendar days
7. What is a refinancing technique involving the creation of a second mortgage which includes the balance due on any existing mortgages, plus the amount of the new secondary lien?
 - (A) Equity plus
 - (B) FNMA two-step
 - (C) Balloon
 - (D) Wraparound

8. Which appraisal method is MOST relied upon for appraising single family owner occupied residences?
- (A) Income approach
 - (B) Replacement cost approach
 - (C) Final reconciliation approach
 - (D) Market data approach
9. What type of loan prohibits a prepayment penalty?
- (A) Construction
 - (B) ARM
 - (C) VA
 - (D) Balloon
10. Who is the lender in a financing transaction?
- (A) Mortgagor
 - (B) Mortgagee
 - (C) Grantee
 - (D) Grantor
11. Which one of the following is based on the 11th district of the Federal Home Loan Bank and is used to determine rate changes for adjustable rate mortgages?
- (A) LIBOR
 - (B) COFI
 - (C) Prime
 - (D) FHLMC ARM rate
12. Which one of the following is a CRV?
- (A) Commitment of Rehabilitation Valuation
 - (B) Certificate of Reasonable Value
 - (C) Conditional Return Variance
 - (D) Cooperative Rental Voucher

Section II: Business Practice

13. Which one of the following is not true about the nature of the broker / customer relationship according to the NAMB model disclosure agreement?
- (A) We will act as an independent contractor with various lenders
 - (B) We will seek to assist you in meeting your financial needs
 - (C) Our compensation will be included in your retail price (rate, total price, and fees)
 - (D) Our company will offer our best opinion on rates and terms available in the market
14. Which one of the following is not included in the NAMB Code of Ethics?
- (A) Fiduciary Responsibility
 - (B) Professional Conduct
 - (C) Compliance with Law
 - (D) Honesty in Advertising
15. When a mortgage broker has any equity in collateral being offered to secure a loan, they must:
- (A) Refer the loan to another mortgage broker
 - (B) Disclose their financial interest to the lender
 - (C) Instruct the borrower to disclose this information to the lender

(D) Provide information on the source of collateral if a profit is made

16. When advertising your business, the burden of making sure you are not violating FTC regulations falls upon the:

- (A) General public
- (B) Government
- (C) Broker
- (D) Competition

17. Which one of the following is an "advertisement" not subject to the Truth-in-Lending Act?

- (A) A brochure describing your office's loan programs
- (B) A windshield leaflet promoting no cost refinances without mentioning any rates
- (C) A flyer explaining your company's home buyer education seminar
- (D) A radio spot declaring your office's home equity lines

18. The form which discloses the number of days during which a lender guarantees a borrower a specific interest rate and terms on a mortgage is a:

- (A) Commitment letter
- (B) Lock-in agreement
- (C) NAMB Model Disclosure Agreement
- (D) Letter of intent

Section III: Insurance

19. The Pebbles are buying a \$100,000 home and will put down \$5,000, financing the rest by a conventional FNMA mortgage. They will be getting a 2-1 buydown 30 year mortgage with a start rate of 6%. FNMA requires 30% MI coverage on this loan and the table says you require .88 factor to have an even monthly payment MI. What will be the MI payment per month?

- (A) \$ 69.67
- (B) \$ 73.33
- (C) \$ 83.60
- (D) \$ 88.00

20. Whose responsibility is it to determine the flood status of a property?

- (A) Appraiser
- (B) Seller
- (C) Lender
- (D) Realtor

21. The FIRST procedure utilized by a title company in providing title insurance is the:

- (A) Abstract of the title
- (B) Examination of title
- (C) Search of title
- (D) Preliminary commitment of title

Section IV: Law and Compliance

22. The Federal Truth-in-Lending law defines the annual percentage rate that is charged on a real estate loan. The annual percentage rate is the:

- (A) Total of all costs that the borrower must pay including taxes, closing costs, and title fees
- (B) Total of all direct costs of credit the borrower must pay
- (C) Cost of credit expressed as a yearly rate
- (D) Sum of all direct or indirect costs of credit the borrower must pay expressed as a yearly rate

23. Which one of the following is a form of ownership of property by husband and wife, when upon the death of either, the survivor remains as the sole owner?

- (A) Co-ownership
- (B) Tenancy in common
- (C) Tenancy at will
- (D) Tenancy by the entirety

24. By law, how can a mortgage broker be compensated?

- (A) Referral fee
- (B) Title company
- (C) Real estate agent
- (D) Premium pricing

25. Which one of the following is a comprehensive plan for a mixed use development which includes areas owned in common and reserved for use by owners of the separately owned lots?

- (A) Non-conforming use development
- (B) Planned unit development
- (C) Large lot zoning and development
- (D) Contract zoning development

26. An instrument that conveys only the grantor's interest is a:

- (A) Limited warranty deed
- (B) Quit claim deed
- (C) Bargain and sale deed
- (D) General warranty deed

27. Which one of the following is a legal procedure in which a court orders real estate sold to enforce the mortgagee's rights under the mortgage?

- (A) Strict foreclosure
- (B) Judicial foreclosure
- (C) Deed-in-Lieu foreclosure
- (D) Power-of-Sale foreclosure

28. The time period to file a complaint for violation of the Fair Housing Act is:

- (A) 180 days
- (B) 1 year
- (C) 2 years
- (D) 3 years

29. What is the MOST extensive interest in land that a holder might possess?

- (A) Lease hold
- (B) Free hold
- (C) Fee simple
- (D) Life estate

30. The Greens are buying a \$100,000 home with \$20,000 down. Their mortgage broker offers them a 30 year fixed mortgage at a 6.75% note rate. The broker will charge 1% origination and other prepaid finance charges of \$1495. In addition, the insurance on the home is \$675 per year and the taxes are \$980 per year. The loan will close at the Property Title Company on March 12, and they will charge \$630 for the policy and \$300 for simultaneous issue. What is the APR?
- (A) 6.75
 - (B) 6.94
 - (C) 7.04
 - (D) 7.08

Section V: Residential

31. The FHA seven unit per borrower limitation regulation is designed to
- (A) Encourage investors to use government financing
 - (B) Discourage rentals in residential neighborhoods
 - (C) Limit insurance exposure on multiple mortgages
 - (D) Encourage pride of ownership in neighborhoods
32. Which one of the following does not have to be cleared up before closing on a purchase?
- (A) Judgment of \$100 against the borrower
 - (B) Unpaid taxes of \$320 against the property
 - (C) Collection of \$200 against the borrower
 - (D) Sewer assessment of \$75 against the seller
33. In order to cancel a loan during the rescission period, a borrower must send a signed notice of rescission. What other requirement must the borrower provide?
- (A) Evidence that the closing figures were different than the initial GFE
 - (B) Evidence that the loan payments will be too high
 - (C) Evidence that the loan officer misrepresented material facts
 - (D) Evidence is not required
34. When obtaining a cash-out FHA refinance, the maximum LTV is what percent of the appraised value?
- (A) 75%
 - (B) 80%
 - (C) 85%
 - (D) 90%
35. In order for a veteran to obtain reinstatement of entitlement for a VA loan, what must be proven?
- (A) The loan is paid off.
 - (B) The house no longer fits their needs.
 - (C) The veteran no longer lives in the house.
 - (D) The veteran has been relocated.
36. Which one of the following is not required for alternative documentation in proving employment on a conforming loan?
- (A) Telephone verification of present employment
 - (B) Past two years W-2's

- (C) Telephone verification of past employment
- (D) Pay stubs covering the most recent 30 day period

37. When an appraisal is "subject to completion", what must be done?

- (A) Lender must obtain a certificate of completion from appraiser after repairs are completed
- (B) Lender must obtain a certificate of completion from seller stating work will be done within 30 days
- (C) Lender must disregard that appraisal and get another appraisal
- (D) Lender must obtain a certificate of completion from the buyer stating that work will be done within 30 days

38. What is the monthly payment on a \$90,000 loan at 8% for a 15 year loan?

- (A) \$ 656.01
- (B) \$ 660.39
- (C) \$ 854.39
- (D) \$ 860.09

39. The maximum seller contribution FNMA allows for a 95% loan is:

- (A) 2% of the lesser of the sales price or appraised value
- (B) 3% of the lesser of the sales price or appraised value
- (C) 6% of the lesser of the sales price or appraised value
- (D) 9% of the lesser of the sales price or appraised value

40. Which legal document used at the time of closing spells out the specific responsibilities of the lender and borrower in the covenants section?

- (A) ECOA statement
- (B) Truth-In-Lending
- (C) Note/Rider
- (D) Mortgage/Deed of Trust

41. The broker should gross up all tax exempt income once it has been established. One exception to the rule is:

- (A) Newly established social security
- (B) Child support payments
- (C) Clergy housing allowance
- (D) Alimony payments

42. According to FNMA guidelines, the earnest money deposit MUST be verified by the lender when it:

- (A) Is paid in cash
- (B) Exceeds 2% of the sales price
- (C) Is paid by personal check
- (D) Exceeds 2% of the loan amount

43. A seller's contribution to a buyer's non-recurring closing costs in an investment property acquisition is limited to how much?

- (A) 2% of the lesser of the loan amount or appraised value
- (B) 2% of the lesser of the purchase price or appraised value
- (C) 3% of the lesser of the purchase price or appraised value
- (D) 6% of the lesser of the loan amount or appraised value.

44. Requirements of the Home Ownership and Equity Protection Act (section 32 of TILA) might apply to which transaction?
- (A) Reverse mortgage
 - (B) Refinance
 - (C) Residential mortgage transaction
 - (D) Open-end credit plan
45. Which one of the following is not recommended by FNMA when using credit scoring for underwriting a loan transaction?
- (A) One credit repository score each for multiple borrowers
 - (B) Lowest of two credit repository scores
 - (C) Middle of three credit repository scores for the borrowers
 - (D) Lowest median score of multiple borrowers
46. What FICO score does FNMA recommend as an indicator of successful credit management?
- (A) 560 or higher
 - (B) 630 or higher
 - (C) 650 or higher
 - (D) 660 or higher
47. In qualifying for an FHA loan, FHA uses a vacancy and maintenance factor for rental income of:
- (A) 100%
 - (B) 10%
 - (C) 25%
 - (D) 30%
48. FNMA requires appraisals on new construction to be re-certified after:
- (A) 90 days
 - (B) 120 days
 - (C) 180 days
 - (D) 1 year
49. If the credit report does not contain a reference for the mortgage/rent, the lender must directly verify the payment history for the previous:
- (A) 48 months
 - (B) 36 months
 - (C) 24 months
 - (D) 12 months
50. CAIVRS is used to obtain information on:
- (A) Property tax liability
 - (B) Prior foreclosures
 - (C) Citizenship
 - (D) Credit scores

CRMS ANSWER KEY

1: C	2: A	3: C	4: B	5: A
6: D	7: D	8: D	9: C	10: B
11: B	12: B	13: D	14: A	15: B
16: C	17: C	18: B	19: A	20: C
21: C	22: C	23: D	24: D	25: B
26: B	27: B	28: C	29: C	30: C
31: C	32: C	33: D	34: C	35: A
36: C	37: A	38: D	39: B	40: D
41: D	42: B	43: B	44: B	45: A
46: D	47: C	48: C	49: D	50: B

REFERENCE LIST

WEBSITES

Fannie Mae: www.fanniemae.com, www.efanniemae.com
Fannie Mae Foundation: www.fanniemae.foundation.org
Freddie Mac: www.freddiemac.com
National Association of Mortgage Brokers: www.namb.org
National Association of Realtors: www.realtor.com
State and Federal Mortgage Regulations: www.allregs.com
Code of Federal Regulations:
<http://www.gpoaccess.gov/cfr/index.html>
HUD User Policy Development and Research Information
Center: <http://www.huduser.org>
Housing and Urban Development: <http://www.hud.gov>

BOOKS

Advertising Managers Handbook, 1993, Robert W. Bly
All About Escrow, 5th Edition, May 1992, Sandy Gadow
Cityscape A Journal of Policy Development and Research,
US Department of Housing and Urban Development /
Office of Policy Development and Research
Mortgage Bankers Association of America - Mortgage
Banking Terms, 7th Edition
State & Federal Mortgage Banking Regulators Guide,
Robert S. Lotstein, Esq.
Real Estate Finance, John P. Wiedemer, 6th Edition
Real Estate Handbook, 2nd Edition, Ed Seldin and Boykin
Dow Jones
Real Estate Law, 3rd Edition, Frank Gibson, James Karp,
Elliot Klamer
Real Estate Principles, 3rd Edition, Charles Floyd
Residential Mortgage Lending, 2nd Edition, Michael
Dennis

Residential Mortgage Lending, 3rd Edition, Michael Dennis

A Simple, Decent Place to Live, Millard Fuller

OTHER SOURCES

Code of Federal Regulations, 1 January 1998
AllRegs, Fannie Mae Sellers Guide
AllRegs, Veterans Administration Handbook
Fannie Mae Quick Reference, First Quarter 1996
Fannie Mae Seller / Servicer Guide
Federal Housing Administration - Quick Reference, First Quarter
1996
Housing Policy Debate, Issues 1, 3, 4
HP-12C Owner's Handbook and Problem-Solving Guide, July
1987
NAMB Code of Ethics
The Business of Diversity, Fannie Mae

Mortgage Professionals on the Value of NAMB Certification...

“With so much negative media about our industry in recent months, I believe it is vitally important for mortgage brokers to strive for the utmost in professionalism and ensure that we are knowledgeable about the industry as a whole. As we collectively represent this industry, the best contribution that we can make individually is to continually work towards higher levels of certification and excellence.”

**-Justine Assal, CMC
Vice President
ACM Home Loans
Orlando, Florida**

“My CRMS has given me the upper hand many times in working with clients who are still shopping rates. Knowing I have higher education requirements and a commitment to providing the most up to date information gives those shoppers a peace of mind they don't find with anyone else. My certification, combined with my NAMB membership does more to convert those shoppers into valued customers than anything else I could do.”

**-Shana L. Sowles, CRMS
Vice President
Person to Person Mortgage, Inc
Overland Park, Kansas**

“The CMC and CRMS designations place me in the top one percent of the mortgage industry. Certification shows that originators are working towards continuous learning, education and training for example, I want my customers to know that I am committed to gaining the knowledge to inform and educate them on the real estate and mortgage industry. I want them to know that I am committed to them as individuals and that I am equipped with the knowledge to put them in a better financial position.”

**-Eric A. Parker, CMC, CRMS
President
Third Financial
Akron, Ohio**

“Getting my CRMS Certification has definitely helped grow my business. I have closed loans because of my certification alone! My certification tells my customers I care enough to be among best of the best. My certification, along with NAMB's Code of Ethics and Best Business Practices helps me hold my head higher and stand out in the top one percent of the mortgage industry.”

**-Penny Fagan, CRMS
P. Fagan Mortgage, Inc.
Decatur, Alabama**

“The CRMS designation proves my commitment to the industry and my customers. I have had this designation for over 11 years and it has kept me involved in continued education and updated on industry knowledge. With more education and knowledge I have been respected by customers as their “Go To Person” for financial advise. Having the CRMS next to my name has simply set me apart from other individuals in the industry and opened many profitable doors for me. I would suggest that every loan officer who hopes to be successful in an average market, take the time to invest in this designation.”

-Laura C. Dantuma, CRMS
President
Prime Investment Mortgage Corp.
Chicago, Illinois

“A CMC or CRMS designation will distinguish you from the pack. Everybody else is just talking-the-talk with regard to better serving your customers. With a designation, you’ll be one of the few that is actually walking-the walk.”

-Gilda Kemp, MBA, CRMS
Branch Manager
Morgan Capital of Arizona, Inc. (FN)
Arizona

“The CMC designation sets me apart from thousands of mortgage professionals in the United States. I believe this shows my continuing commitment to continued education which I impart to my customers so they may make fully informed financial decisions that will impact their future. As a Certified Mortgage Consultant, my customers can be assured that I deliver exceptional service with honest, open answers and information and that I have a life long goal to provide them with the best tools for their financial success.”

-Gary N. Smith, CMC
Senior Vice President
Colonial Mortgage & Investment, Inc
Mesa, Arizona

“The GMA certification allowed me to increase my income split as well as build credibility with my clients.”

-Greg Freeman, GMA
Loan Officer
20/20 Mortgage
Georgetown, Delaware

“When I set out to achieve the dual designation of CRMS and CMC my goal was twofold. One was to separate myself from my competition and the other was to promote “added value” to my clients. The designations speak volumes. They show a commitment to excel in my industry and an expertise within. I couldn’t be happier that I made the choice”.

-Gerald McChesney, CMC, CRMS
President
Mortgage Mentor, Inc.
Austin, Texas