



Dear Aspiring CRMS® Certificant:

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 and committed to the highest standards of conduct. Achieving the CRMS® credential demonstrates your 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 credentials 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 seek certification for a number of reasons. Our industry is under increased scrutiny and it is important for those of us who are true professionals to conduct business with honesty and integrity, putting the best interests of our clients at the forefront of all we do. This year, NAMB is working to raise awareness of our credentialing programs to NAMB members, other brokers, and our industry partners. There is no doubt—certification will benefit you professionally.

The following pages will give you all the information you need to begin the process of becoming a certified mortgage professional who has the privilege of adding the CRMS® credential to your signature.

I wish you success in your career as a mortgage professional. You are certainly off to a good start!

Thank you,

*Guy Schwartz, 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 you have any questions about the policies and procedures of the NAMB Certification Program or about the processing of your application after reviewing the CRMS® Candidate Handbook, please write, email, phone or fax NAMB using the following contact information:

Certification Department
National Association of Mortgage Brokers
2701 West 15th Street
Suite 536
Plano, Texas 75075

Telephone: 972-758-1151
Fax: 530-484-2906
Email: certification@namb.org
Website: 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 contact NAMB to obtain the current version before submitting your application.** The most current version of this handbook can also be found under the “Certification” tab on the main page of our website, www.namb.org.

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

The “GMA®”, “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).

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NAMB Certification Exams – An Overview

NAMB established the GMA[®], CRMS[®], and CMC[®] certification exams to provide members with an opportunity to be recognized as leaders within the increasingly competitive field of mortgage brokering. Specifically, these three distinct, yet complimentary exams are 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. The GMA[®], CRMS[®] and CMC[®] certifications are awarded by the NAMB Certification Committee. The credentials identify the certificant as having met the standards of required knowledge, skills, and abilities established by the Committee.

Who	NAMB Credential	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 accumulated through combination of work experience, related experience, mortgage-related education, formal education, other designations, 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. The GMA[®], CRMS[®], and CMC[®] certification exams are the result of a multi-step process that includes the following steps:

1. Conduct a job analysis. A job analysis is 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. Develop the exam using the job analysis findings and create exam questions;

3. Re-validate the exam. Review the content of each exam frequently to ensure that questions remain relevant as the profession evolves; and
4. Conduct performance and fairness reviews. Subject-matter experts and psychometricians review all questions extensively and update or remove outdated questions 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. *Note: Only the CRMS[®] and CMC[®] exams include additional un-scored pre-test items at this time. See Exam Format section for more details.* 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 more than 200 exam sites throughout the U.S.

Additional information about the GMA[®] and CMC[®] exams can be found in separate handbooks available on the NAMB website at www.namb.org.

Examination Development

The findings of the job analysis serve as the foundation for developing the examination specifications. These specifications identify the linkages between the responsibility and knowledge areas and outline the following: (a) the topics covered on the examination, (b) the number of questions per topic area included on each examination, and (c) the cognitive level at which questions for each topic area are written. The examination specifications can be reviewed and adjusted by the Certification Examination Committee, as necessary, to reflect current professional practice, government regulations, etc. The examination form is assembled in accordance with the examination specifications.

Questions on the exam are written by Certified Mortgage Professionals who have been trained in preparing multiple-choice items by Kryterion, Inc. Every 2 years, at least 15 certified professionals are selected to write items for the examination.

Items written are sent to a validation committee where questions are assessed for content, level of difficulty, accuracy, and correctness. Once approved, the question goes to Kryterion for style editing to ensure consistency of question format and to be included in the bank of examination questions.

From that bank, Kryterion prepares a draft examination based on the exam specifications. The exam committee then meets and reviews the draft exam, substituting questions as needed to further balance and match the content of the examination to the test blueprint.

Pretesting of Items

To enable the addition of new items with proven sound statistical attributes to the active item bank, up to a quarter of new items are pre-tested on the examination form. Pre-test items are not scored. Pre-test items are intermingled among the active items and candidates do not know which items are being the pre-tested. Candidates are notified that a quarter of test items are pre-test items.

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:

- distinguishes mortgage professionals who have received the highest level of professional knowledge available to them.
- helps borrowers select a qualified mortgage professional because certified brokers and loan officers are elite members of the industry. They have shown their dedication to the consumer by obtaining advanced education and demonstrating that they have the skills necessary to provide quality service.
- 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

A candidate's application and performance on the NAMB Certification examinations shall remain confidential unless otherwise stipulated by the candidate.

- The examination, test questions, and answers contained herein are the exclusive property of NAMB.
- The nature, format, content and results of examinations administered by NAMB and all application materials are considered confidential information and will be treated as such in accordance with policies and procedures adopted by NAMB, unless appropriate permission is obtained or where

otherwise required by law.

- 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 invalidation of the results of your examination, termination of your candidate status, revocation of your certification, civil liability, criminal prosecution, or other appropriate sanctions.

Release of Certificant and Candidate Contact Information

As stated in the Confidentiality Statement, NAMB honors all documentation of candidates with the upmost confidentiality. In addition, NAMB reserves the right to release contact information of candidates and certificants under the following terms and conditions:

- NAMB’s response of a telephonic, faxed, emailed, or written request from an officer, publicity chair, or media volunteer of a not-for-profit association within the field of mortgage brokering, for purposes of acknowledgement and recognition.
- NAMB-Certified individuals in good standing for the purpose of referrals, on the NAMB website and in response to a telephonic, faxed, emailed, or written request.
- NAMB-Certified individuals may exclude their contact information from this release by communicating that preference in writing to NAMB.
- Contact information provided by the results of the NAMB “Find-a-Broker” search engine, or its successor search engine, NAMB-certified individuals in good standing shall be listed in alphabetical order. Within NAMB-certified individuals, the listing priority in the “Find-a-Broker” search engine, or its successor search engine, shall be:
 - **CMC**
 - **CRMS**
 - **GMA**

Please note: The names of failed candidates are confidential and score reports will only be released to the examinee.

- Further, NAMB and its testing agency store, process, and use data collected from application forms and test score reports. Data is stored only to the extent necessary for processing and validating applications/examination scores and in compliance with

related record retention regulations. Under no circumstances will individual data or test scores be shared with any entity outside of NAMB and its testing agency, unless permission is obtained from the candidate or certificant or unless otherwise required by law. NAMB may develop and publish statistical data regarding the exams provided that the identities of the candidates are not divulged.

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:

- **Honesty and Integrity:** NAMB members shall conduct business in a manner reflecting honesty, 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 such pressure placed upon them.
- **Honesty in Advertising:** NAMB members shall provide accurate information in all advertisements and solicitations.
- **Confidentiality:** NAMB members shall not disclose unauthorized 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.

Lending Integrity Seal of Approval

NAMB saw a need for Hardworking, Professional, Ethical Mortgage Brokers to distinguish themselves from the few bad actors who operate in the mortgage industry. In 2007, the Association launched the Lending Integrity Seal of Approval to allow consumers to easily identify loan originators who have pledged to abide by a National Standard when it comes to a Professional Standards, a Code of Ethics, Continuing Education, and more.

A mortgage professional can only make the Lending Integrity pledge and display the Seal if he or she meets the following criteria:

- Possess current state-issued mortgage broker license or has three letters of reference, including one from a NAMB mortgage broker (if a loan officer).
- Pass a federal criminal background check.
- Complete six hours of continuing education each year, including two hours of ethics training (or equivalent hours over multiple years depending on individual state multi-year licensing cycles). Note: this requirement is waived for members who hold a valid GMA[®], CRMS[®], or CMC[®].

- Pledge to adhere to the NAMB Code of Ethics and Professional Standards and Professional Standards and Best Lending Practices, and abide by the NAMB grievance review process.

NAMB Membership

If you're not already a NAMB member, consider joining. Established in 1973, NAMB is the only national trade association representing the mortgage broker industry. With members in all 50 states, 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 you build and sustain relationships with customers; and
- members-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 www.NAMB.org for more information and a complete list of state affiliates.

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. NAMB created the exam 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.

Career Rewards:

- The GMA®, CRMS®, and CMC® credentials equate to quality and excellence.
- The opportunity for mortgage professionals to achieve a higher level of professionalism and demonstrate their commitment to a superior level of service to the borrower.
- NAMB's credentials distinguish mortgage professionals who have received the highest level of professional knowledge available to them.
- A valued addition to your resume/CV.
- Certification is an avenue for professional growth and a way for employers to recognize and promote loan officers and mortgage professionals.
- Professional achievement "right out of the gate."

Rewards from NAMB:

- Certificate and lapel pin recognizing you as a certified CRMS®
- Authority to use the CRMS® credential and logo on letterhead, business cards, and all forms of address
- Access to self-marketing materials including a welcome kit with tools to help differentiate yourself in the market
- Inclusion in NAMB's "Directory of Certified Mortgage Professionals" (found on-line and in the NAMB magazine)
- Priority listing on "Find-a-Broker" search engine
- Opportunity for industry recognition via print and online media communications
- Automatic subscription to "Cert Alert," NAMB's electronic newsletter for certificants and an opportunity to be featured as the "Certificant in the Spotlight"

- Automatic Silver Medallion status including discounts to NAMB conferences and events
- Special recognition at the NAMB national convention
- Listing on banner for Certified Professionals displayed at NAMB events

Personal Rewards:

- 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 the United States
- Pride at being a part of an organization that supports its members through career growth opportunities
- The opportunity to earn more than uncertified peers
- Demonstration of your commitment to the consumer by obtaining advanced education and demonstrating that they have the skills necessary to provide quality service
- Distinction as a mortgage professional who have received the highest level of professional knowledge available to them
- Confidence in your knowledge and skill

Who Should Take the Exam?

The CRMS® exam is open to 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, and industry leadership and participation);
- agree to abide by, and has no violations against, the NAMB Code of Ethics; and
- agree 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 this handbook.

Remember: if the revision date of this handbook is more than six-months-old, visit www.namb.org, click on “Certification Handbook” under the “Certification” tab to obtain a current version.

Eligibility Requirements and Qualifying Points

CRMS® candidates must document that they have earned 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 a breakdown of the point structure. (For each category, candidates must have a minimum and maximum number of

points 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 5 points per mortgage industry credential
Category IV	Professional Certifications	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 as photocopies are sufficient.
- To substantiate your mortgage-related educational activities, you may submit either original or photocopied *certificates* of completion OR original or 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 have a history of criminal conduct involving financial offenses, misrepresentation, fraud or abuse.

All applicants have 30 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 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 complete the application and are responsible for all applicable fees within 30 days of the notice.

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 within 30 days.

Missing application Fee

Applications received without complete payment will not be processed. Applicants still interested in seeking eligibility 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 the application (**those convicted of felonies of a financial nature are not eligible to sit for any of the exams**).

Appeal of Denial of Eligibility

NAMB grants certification status to individuals in the field of mortgage brokerage who meet the established eligibility requirements, complete the application procedure, ascribe to and abide by the NAMB Code of Ethics and Standards of Practice, ascribe to and abide by this NAMB Application Handbook, successfully pass a NAMB Certification Program examination, and pay all required fees within established deadlines.

Applicants who have been denied eligibility may appeal the decision in the following manner:

- The applicant submits a written notice of appeal to the Director of Certification. The notice shall include the name, current address, telephone number, fax number, and email address of the applicant.
- The applicant submits additional written, factual documentation to support the applicant's appeal with an explanation of why the applicant believes the denial decision is erroneous.

The applicant shall bear the burden of proving that the denial of eligibility was based on an erroneous determination of fact or an erroneous interpretation of policy by NAMB staff.

- An initial review is conducted by the Director of Certification to ensure the applicant has met the above conditions. If the Director of Certification determines that the appeal meets the above conditions and the denial of eligibility was due to prior criminal history or misconduct, the case will be referred to the Ethics and Standards Subcommittee. If the denial of eligibility was due to other circumstances the case will be referred to the Eligibility Review Subcommittee. If the Director of Certification determines that the appeal has not met the above conditions, the applicant will be notified that the appeal is disallowed.
- The decision of the Ethics and Standards Subcommittee or the Eligibility Review Subcommittee will be communicated to the Director of Certification in writing. The Director of Certification will notify the applicant of the decision in writing.
- The decision of the Ethics and Standards Subcommittee or the Eligibility Review Subcommittee is final and may not be further appealed.
- There is no appeal allowed on the basis of incomplete applications or insufficient fees.
- This appeals procedure does not apply to certificants whose certification or recertification is denied, suspended, or revoked for fraud, misrepresentation, violation of testing procedures, or other conduct in violation of the Code of Ethics, Standards of Practice.

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 background 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. Mail, e-mail, or fax your written request to revoke this permission to:

Certification Department
National Association of Mortgage Brokers
2701 West 15th Street
Suite 536
Plano, Texas 75075

Telephone: 972-758-1151
Fax: 530-484-2906
Email: certification@namb.org

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 your name, contact information, any supporting documentation, and a brief description of your situation and mail, fax, or email required information to the NAMB Certification Department.

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** is required during the online registration process after the application has been approved.

A \$25 discount on the CRMS application fee is available to those who attend a NAMB Certification Workshop. Information on NAMB workshops is available at www.namb.org.

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 and non-transferable**. There are no exceptions to this policy.

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

Registering for the CRMS® Exam

Once your application and fee are accepted by NAMB, you will receive notification on how to register for the exam with Webassessor, our online scheduling tool. You will be required to pay a registration fee to register and take the exam.

Scheduling Your Exam

Once the exam has been purchased online and fee has been processed, applicants will be sent a confirmation email including information needed to schedule and prepare for the exam. Instructions, name, and address of the test center are provided in the purchase confirmation email. All candidates must be sure to schedule their exam to occur before the expiration of the one-year examination period. Candidates may schedule their exam at one of Kryterion’s (testing provider) convenient and exam locations.

Reserve your date well in advance as test sites reach capacity quickly!

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 professional who has at least two years of industry experience and specializes in residential mortgage lending. In addition, there are 30 pre-test items which do not affect your score but are being evaluated for future exams. Note: these pretest items are randomly scattered throughout the exam and are not identified as “pretest” questions. You should, therefore, answer each question as though it were a graded question. 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 in this handbook. 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 etc.

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 by contacting the test center. 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. 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

NAMB makes great efforts to provide you, as the candidate, both quality assurance and the flexibility to schedule an exam at your convenience. Due to limited seating, you **MUST** notify NAMB at least three (5) business days *prior* to your scheduled examination appointment. This includes all candidate updates and rescheduling issues. If you do not provide the proper notification to reschedule within these guidelines, you will forfeit your entire registration fee.

Rescheduling the Exam

Your rescheduled examination date must still fall within your original one year eligibility period. The fee from your first reservation will be applied to your new examination appointment. Due to limited seating, you **MUST** notify NAMB at least five (5) business days *prior* to your scheduled examination appointment. If you wish to re-register at a later date you will be required to submit the applicable fee. Note: If you arrive late to your exam, you will be considered absent and will forfeit the registration fee.

Emergencies

There are, however, some exceptions to the above requirements which allow you to reschedule your exam. In the event of an emergency, please refer to the candidate handbook and contact NAMB within five (3) days of a scheduled examination appointment. You will be allowed to reschedule free of charge once. NAMB may ask for further documentation as needed. Note: your new exam date must fall within your original one-year exam eligibility period. You may reschedule free of charge if you experience one of the following:

- notify NAMB within three business days of your original exam date
- serious illness – either you or an immediate family member;
- death in the immediate family;
- disabling traffic accident;
- unforeseeable (within three days of the exam) court appearance or jury duty; and
- unforeseeable (within three days of the exam) military duty activation

If it's been longer than three business days, you may reschedule the exam at your convenience, however all paid fees will be forfeited. If you miss your original one-year eligibility period, you must reapply and pay all appropriate fees to sit for the exam.

Taking the Exam

The CRMS® exam is conducted via computer. The computer records your responses and automatically times the exam. You have three hours to complete 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; your pass/fail status will be displayed on the computer screen at the end of the exam.

You do not need extensive computer experience to take this 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).

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.
- ✓ The purchase confirmation email which includes your test taker authorization code. The proctor **WILL NOT** be able to launch your exam without this code.
- ✓ A *financial* calculator (Please review list of acceptable calculators).

During the Exam

The following rules are in place to ensure that every test taker has the same opportunity for success while taking this exam; failure to follow these rules may result in dismissal from the testing site and additional sanctions are possible.

- With the exception of a financial calculator, **NOTHING** may be brought into the exam room with you. This includes papers, all books, food, drinks, bags (including handbags/purses and backpacks) or electronic devices (including cell phones and PDAs/Blackberries).
- Scrap paper and pencils will be provided and collected at the conclusion of the exam.
- You may not leave the exam room without the test proctor's permission.
- You must present your government-issued, photo ID each time you enter the exam room.
- Do not attempt to browse outside your testing window or access the Internet. This will cause your test session to immediately terminate.
- Cheating is not tolerated. Anyone suspected of cheating will be reported and the certification status may be revoked by NAMB.
- Do not provide assistance to or accept assistance from anyone taking the test.
- Do not click the 'Submit' button until you have completed the **ENTIRE** test.
- Do not remove test materials from the exam room.
- It is not recommended that you take a break during the testing session as this is a timed test and the clock will continue to run during your break.
- Only test takers are permitted in the waiting room.
- There is no smoking or tobacco use in the exam room.

After the Exam

Once you have submitted your exam, you will receive a pass/fail notification which also includes your score report on the computer screen. The score report will provide a break down of the percentage passed in each content area and will include a pass/fail report 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 3 - 4 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 within the one-year eligibility window. 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 of your exam results. You may re-register online to take the exam and pay **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).

Exam Results and Verification of Credentials

For those who successfully pass the CRMS® exam, please follow the timeline below for verification and use of credentials.

At Exam	You receive a pass/fail notification on the computer screen
Immediately after exam	Score report notification email is sent and score results are available on the secure online system (Webassessor). If successful, you may use the CRMS® designation in all of your materials at this point.
Within 10 business days of your exam	Receive CRMS® Welcome Packet, which includes: <ul style="list-style-type: none"> • Congratulatory letter and useful information • Certificate recognizing you as a CRMS® • CRMS® lapel pin • <i>How to Promote your Designation</i> booklet

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, 2008, your certification will be valid through December 31, 2011.

Once you are a certified CRMS :

- you are entitled to display the CRMS® Certification Credential;
- your name will be published in NAMB’s “Directory of Certified Mortgage Professionals” (found on-line and in the NAMB magazine);

- if you are a NAMB member, your name will appear before non-members in the NAMB Find-A-Broker search engine. (If you're not a member, please visit 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.

Recertification

The CRMS[®] certification is valid for three years. To ensure that NAMB-certified mortgage professionals stay current of changes in the industry, and to provide continuing professional development, CRMS[®] certificants are required to complete at least 30 hours of mortgage-related continuing education every three years to maintain their certification. To recertify for the next three-year period, submit 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 to NAMB during the last year of your CRMS[®] certification period.

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 you don't submit your application before the expiration date, your 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 revoked. If you wish to become certified again, you are welcome to go through the reinstatement process.

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

NOTE: If you hold more than one NAMB Certification, you pay one recertification fee every three years, rather than two or three separate recertification fees.

Recertification fee discounts are available for candidates who:

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

NOTE: If you hold more than one NAMB Certification, you pay one recertification fee every three years, rather than two or three separate recertification fees.

All NAMB certifications are valid for three years.

Reinstatement

As a NAMB-Certified Mortgage Professional you are required to renew your NAMB certification every three years, through the recertification process. If you do not complete the recertification process within the appropriate timeframe, you are no longer certified and lose the privilege of using the designation.

As a former NAMB-Certified Mortgage Professional, you are eligible to complete the reinstatement process and regain the certification status without retaking the CRMS®. You have 2 years from your expiration date to submit a completed reinstatement application, reinstatement fee of \$500 for members and \$600 for non-members, and documentation of successfully completing the required 30 hours of mortgage-related continuing education to NAMB.

If you miss this reinstatement deadline and wish to become certified again, you are welcome to reapply to take and pass the certification exam again.

CRMS Application Checklist

- 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.
- 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 NAMB membership status, contact NAMB or your state association.
- Remember to sign and date the application. It will not be processed without a signature and date.

Applicant's Signature: _____ Date: _____

SECTION 6: 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 BUSINES (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 BUSINES (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**CRB** – Certified Real Estate Brokerage Manager**CEBA** – Certified Exclusive Buyer Agent**CLHMS** – Certified Luxury Home Marketing Specialist**ABRM** – Accredited Buyer Representative Manager**CRE** – Counselor of Real Estate**CFP** – Certified Financial Planner**CMB** – Certified Mortgage Banker**AHWD** – At Home with Diversity**CREA** – Certified Real Estate Appraiser**CGA** – Certified Graduate Associate**CMP** – Certified Mortgage Professional**ALC** – Accredited Land Consultant***CMC** – Certified Mortgage Consultant**CMPS** – Certified Mortgage Planning Specialist**CMT** – Certified Mortgage Technologist**ARO** – Accredited Residential Originator**CRMU** – Certified Residential Mortgage Underwriter**CSP** – Certified New Homes Sales Professional**MAI** – Member Appraisal Institute**ARU** – Accredited Residential Underwriter**CRP** – Certified Risk Professional**DREI** – Distinguished Real Estate Instructor**MCSP** – Master Certified New Home Sales Professional**ASA** – American Society of Appraisers**CRS** – Certified Residential Specialist**GAA** – General Accredited Appraiser**RAA** – Residential Accredited Appraiser**CLA** – Certified Liability Advisor**CBG** – Certified Graduate Builder***GMA** – General Mortgage Associate**SIOR** – Society of Industrial and Office Realtors**CCMB** – Colorado Certified Mortgage Broker**CCIM** – Certified Commercial Investment Member**GMB** – Graduate Master Builder**SRA** – Senior Residential Appraiser**CPA** – Certified Public Accountant**C-CREC** – Certified-Consumer Real Estate Consultant**GRI** – Graduate Realtor Institute**SREA** – Senior Real Estate Analysis**CPM** – Certified Property Manager**CIPS** – Certified International Property Specialist**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.**

10 Points - NAMB President**9 Points** - NAMB State Affiliate ; Association President ; NAMB Education Program Instructor**6 Points** - NAMB State Affiliate Association Local Chapter President; NAMB Officer**5 Points** - NAMB Director; NAMB State Affiliate Association Officer; NAMB Committee Chair; Attended NAMB Annual Convention; Mortgage Industry Organization Education**4 Points** - NAMB State Affiliate Association Director; NAMB State Affiliate Association Local Chapter Officer; NAMB Committee Vice Chair**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**2 Points** - NAMB State Affiliate Association or Local Chapter Committee Chair**1 Point** - NAMB State Affiliate Association or Local Chapter Comm. Vice Chair or Member; Attended NAMB State Affiliate**Total Points Earned**

SECTION 7: 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) Charm 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. Which one of the following best characterizes personal property?

- (A) Valuable
- (B) Moveable
- (C) Tangible
- (D) Intangible

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: B	47: C	48: C	49: D	50: B

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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**