

GENERAL MORTGAGE ASSOCIATE (GMA)

EXAM SPECIFICATIONS OUTLINE

The GMA contains 125 multiple-choice questions. The content of the exam is characterized under seven general topic areas:

1. General Industry Knowledge	27%
2. Business Practices and Ethics	17%
3. Insurance	6%
4. Laws and Compliance	16%
5. Residential Financing	19%
6. Mortgage Technology	5%
7. Marketing and Sales	10%

Domain 1: General Industry Knowledge

A. Origin of the mortgage industry (e.g., how it started and why; terminology including fiduciary duty)

B. Markets

1. Primary (financial institutions; mortgage bankers; mortgage brokers)
2. Secondary (Fannie Mae; Freddie Mac; Securities dealers; Conduits; 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)

D. Financial Markets

1. Treasuries (e.g., bill, note, bond)
2. Indices (e.g., London Inter-Bank Offering Rate [LIBOR]; Cost of Funds Index [COFI])

E. Different types of mortgages:

1. Reverse
2. Wrap around
3. Farm (agricultural)
4. Commercial
5. Adjustable rate (index; margin; caps)
6. Deferred Interest/Negative Amortization
7. Balloon

8. Line of Credit
9. Construction
10. Construction to permanent
11. Lot/land
12. Rehabilitation
13. Fixed rate
14. Interest only
15. Buy-downs
16. Bridge loans
17. Biweekly
18. Manufactured Housing
19. Prepayment Penalty
20. Section 32 (added)

- F.** Appraisals (types of appraisals; analyzing appraisals; appraisal terms)
- G.** Environmental liability and its impact as related to physical hazards (e.g., asbestos; oil heat; gasoline; lead paint; mold; termites)
- H.** Providing tax-related and/or financial advice (e.g., tax deductibility as it relates to the mortgage process (points; interest) and knowing the legal consequences (law suits; fines; penalties)

Knowledge of credit scores, credit reports, and their effect on a loan (identify trade lines, credit repositories, bankruptcies, RMCRs, FCRA, handling of the report, Graham-Leach-Bliley, Patriot Act, etc.) (added)

Domain 2: Business Practices and Ethics

- I.** Professionalism, business ethics and integrity (e.g., NAMB code of ethics; building and maintaining business relationships; honoring the lock-in; disclosure)
- J.** Handling customer funds (e.g., trust/escrow accounts; impound accounts; repair holdbacks accounts)
- K.** Customer/broker relationship as related to brokerage disclosure agreement
- L.** Advertising business to business and business to consumer (e.g., regulatory compliance)
- M.** Contents to a wholesale broker agreement (e.g., fraud; buy-back; compliance; early default; churning; premium recovery)
- N.** Fraud (e.g., preventing; detecting; understanding the consequences; definition; identifying potential sources; taking corrective actions when fraud has occurred; reporting)

Domain 3: Insurance

- O.** Hazard insurance (e.g., condo; flood; force place; homeowners; fire and extended coverage)
- P.** Mortgage insurance (e.g., Fannie/Freddie requirements; types--lender paid, single premium; coverage)
- Q.** Title Insurance (e.g., types; purpose)
- R.** Builders insurance (e.g., performance bonds; 2-10 homeowners warranty)

Domain 4: Laws and Compliance

- S.** Mortgage law and regulatory compliance:
 - 1. RESPA (Real Estate Settlement Protection Act)
 - 2. Truth in Lending Act (TILA)/Reg Z
 - 3. Fair lending laws
 - 4. Other pertinent laws and regulations
- T.** Real Estate law:
 - 1. real estate documentation
 - 2. general real estate law

Domain 5: Residential Financing

- U.** Pre-qualifying and initial application:
 - 1. Functions of a financial calculator
 - 2. Calculation of annual percentage rate (APR)
 - 3. Identification of prepaid finance charges
 - 4. Pre-qualifying process
 - 5. Mortgage loan program guidelines
 - 6. Analysis of a transaction
 - 7. Originating a loan
 - 8. Mortgage product pricing
- V.** Processing and Underwriting:
 - 1. Assembling, verifying and evaluating all information represented by customer
 - 2. Underwriting procedures and guidelines:
 - 3. Federal Housing Administration (FHA) (e.g., Up Front Mortgage Insurance Premium [UFMIP])
 - 4. Veterans Administration
 - 5. Government sponsored entities (e.g., Fannie Mae; Freddie Mac)
 - 6. Private investors (hard money)
 - 7. Automated Underwriting
 - 8. Portfolio
 - 9. Sub-prime (B, C, D)
 - 10. Jumbo
 - 11. Home Equity Line of Credit (HELOC) and seconds
- W.** Closing/Escrow:

1. Closing process (e.g., fee sheets [broker demands]; final conditions; general conditions; surveys; review; inspections; aggregate accounting; prorations)
2. Closing documents (e.g., Uniform Settlement Statement [HUD-1; Note [riders] and Mortgage/Deed of Trust; TIL Federal Box Form; compliance documents; notice of right to cancel)

Domain 6: Mortgage Technology

- X.** Loan origination software (LOS) (e.g., Byte; CALYX; Encompass; Genesis)
- Y.** Automated underwriting systems (AU systems) (e.g., Desktop Originator/Underwriter [DO/DU]; Loan Prospector [LP]; lender specific Web platform)
- Z.** Web-based services (e.g., automated valuation; credit bureau software; title; FHA connection; closing document preparation services)

Domain 7: Marketing and Sales

- AA.** Types of Marketing:
 1. cold calls
 2. direct mail/email
 3. Internet-based marketing
 4. lead generation
 5. media
 6. realtors/builders
 7. referrals (business to business; consumer to business)
- BB.** Identify market demands (added)
- CC.** Personal business plan (e.g., short-term and long-term goals/objectives; prospecting)