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## Course Syllabus

### Welcome to the *Monopolize Your Market™ 20 Hour NMLS Pre-License course syllabus!*

This course is designed to help you master the concepts necessary to monopolize your market and pass the national mortgage licensing exam. Topics include:

- Federal laws and regulations (RESPA, ECOA, TILA, HMDA, FCRA, FACTA, and other federal laws relevant to the mortgage lending industry)
- Mortgage programs and products (conventional, conforming, government, jumbo/nonconforming, fixed, ARMs, reverse mortgages, industry terminology)
- Mortgage processing and underwriting (application information and requirements, disclosures, accuracy, underwriting analysis, qualification guidelines)
- Ethics in dealing with borrowers, settlement service providers, and referral partners

This course follows the CMPS tradition of utilizing stories, case studies, and live Q and A to keep you engaged. The method for studying the curriculum is to listen to a live presentation by one of our presenters. These are delivered either live in person or live online via webinar. If you are attending a live webinar, you will view the presentation slides and hear the speaker present the material exactly as you would if you attended a live in person training.

If you are attending the live webinar, print out the 260 page course workbook (provided in .pdf format) and use it as a guideline for following the presenter and taking comprehensive notes as you go through the training. This will enable you to get the most from the information and personalize the knowledge that you will gain. There will be links to various websites listed throughout the course workbook. The links are only accessible if you are viewing the document as a .pdf.

*If you are participating in the webinar version:*

- You will need to dial in to a phone number while accessing the online presentation through a computer that has an internet connection
- You will be asked to create a series of security questions so that we can verify your attendance periodically during the online presentation. NMLS guidelines require us to regularly verify your attendance.



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## About the Instructor



Gibran Nicholas, CMPS®  
Chairman & CEO  
CMPS Institute

Gibran Nicholas is a professional writer, speaker and an entrepreneur. Gibran speaks and writes about economics, real estate and financial issues including the current mortgage and credit crises. Since 2005, he has been the Chairman and CEO of the CMPS Institute, a national organization that certifies mortgage bankers and brokers. Gibran has personally trained over 6,000 financial professionals across the country including CPAs, attorneys, financial planners, bankers and mortgage brokers. Gibran is regularly quoted as an industry expert in national publications such as the *Wall Street Journal*, *Barron's*, *MarketWatch*, *Business Week* and the *Washington Post* and has been featured on Fox and ABC News.

Gibran is an old-timer in the world of entrepreneurs. At 16 years old he entered law school, and at 20 years old, he started his own mortgage planning firm. The business quickly became one of the highest volume private mortgage companies in Michigan, with additional licenses in Illinois, Florida, and Massachusetts. In 2005, Gibran became the Chairman and CEO of the CMPS Institute. Through his involvement in CMPS, Gibran empowers mortgage and financial professionals with knowledge and resources to better serve clients and increase their competitive advantage. Gibran has served as a board member for the Financial Planning Association of Michigan, and is very active in the financial planning community. He frequently teaches continuing education seminars for CPAs, Certified Financial Planners, attorneys, real estate brokers, and mortgage lending professionals.



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## Chapter 1 – Federal Law Overview

**Instructor:** Gibran Nicholas

**Time:** 60 Minutes

### Outline

- How to understand the difference between laws and regulations
- Role of state laws in the mortgage lending industry
  - What does state law normally govern?
- Role of federal laws in the mortgage lending industry
  - What does federal law normally govern?
  - Pre-emption of state laws
  - Role of Congress
  - Role of the President
  - Role of Federal Agencies
  - Role of the Federal Court System
- The SAFE Act
  - Mandates re: Mortgage Loan Originators (MLOs)
    - State Licensed MLOs
    - Federally Registered MLOs
  - Mandates re: States
  - Mandates re: HUD
  - Mandates re: Federal Banking Agencies
  - Mandates re: CSBS and AARMR
  - Mandates re: NMLS & R

### Learning Objectives

- How the SAFE Act and other federal laws and regulations impact mortgage lending
- How federal laws are made and why it matters to you
- How federal regulations are made and why it matters to you
- How to determine which federal government agency has jurisdiction over a certain mortgage lending issue
- How to positively impact your mortgage career by participating in the federal lawmaking and rulemaking process



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## Chapter 2 – Real Estate Settlement Procedures Act (RESPA)

**Instructor:** Gibran Nicholas

**Time:** 75 Minutes

### Outline

- Purpose of RESPA
  - Which loans are impacted
  - Which loans are not impacted
- How does RESPA impact your referral relationships?
  - Referral fees and kickbacks
    - Three elements of a kickback
    - Definitions
  - Case studies
  - Types of fees that RESPA does not prohibit
- Affiliated business arrangements
  - What is an ABA?
  - Sham ABAs
  - Case Studies
- Lender payments to mortgage brokers
- Title companies
- Jurisdiction and limitations
- Penalties for violating RESPA

### *Learning Objectives*

- Which loans are impacted by RESPA
- How RESPA impacts you and your referral relationships
- How to structure Affiliated Business Arrangements (ABAs) in a way that is RESPA compliant
- How lenders can compensate loan originators and mortgage brokers in a way that is RESPA compliant



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## Chapter 3 – Truth in Lending Act (TILA) and Regulation Z

**Instructor:** Gibran Nicholas

**Time:** 100 Minutes

### Outline

- Purpose of TILA and Regulation Z
  - Which loans are impacted
  - Which loans are not impacted
- Finance Charges
  - What is included?
  - What is excluded?
- Disclosing APR on ARMs and Variable Rate Loans
- Who receives disclosures?
- Disclosure Requirements
  - Accuracy
  - Timelines
- Borrower's right of rescission
  - How it works
  - Effects of rescission
- Appraisal rules
- Advertising rules
- High cost mortgages
- Penalties for violating TILA / Regulation Z

### Learning Objectives

- How the Truth in Lending Act (TILA) impacts mortgage lending
- How the Home Ownership and Equity Protection Act impacts mortgage lending
- How APR and finance charges are determined
- How to comply with the mortgage disclosure rules under Regulation Z
- How to comply with the mortgage advertising rules under Regulation Z
- How to comply with the appraisal rules under Regulation Z
- How to comply with the mortgage underwriting rules under Regulation Z



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## Chapter 4 – Home Mortgage Disclosure Act (HMDA) and Regulation C

**Instructor:** Gibran Nicholas

**Time:** 45 Minutes

### Outline

- Purpose of HMDA and Regulation C
- Institutions that are subject to HMDA
- Loans that are subject to HMDA
- Information reported
- Required notices
- When is HMDA data due?
- To whom is HMDA data sent?
- Penalties for violating HMDA

### *Learning Objectives*

- Which loans are subject to HMDA reporting rules
- Which lenders are subject to HMDA reporting rules
- What information is required on a HMDA report
- What are the HMDA reporting timelines



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## Chapter 5 – Equal Credit Opportunity Act (ECOA) and Regulation B

**Instructor:** Gibran Nicholas

**Time:** 100 Minutes

### Outline

- Purpose of ECOA and Regulation B
- Anti-discrimination rules
- Disclosure rules
- Which loans are subject to ECOA?
- Which mortgage loan originators are subject to ECOA?
- Adverse action
- Requests for information
- Information for monitoring purposes
- Evaluating applications
- Extending credit
- Special purpose credit programs
- ECOA Notices
  - Types of Notices
  - Content
  - Timing
  - Rules
- Record retention
- Providing credit information
- Self-testing
- Providing appraisal reports
- Enforcement, Penalties and Liabilities

### Learning Objectives

- How the Equal Credit Opportunity Act (ECOA) impacts mortgage lending
- What is a “prohibited basis” upon which lenders are not allowed to discriminate
- What is an “adverse action” for purposes of ECOA
- What disclosures and notices are required under Regulation B
- What is the timing of the disclosures and notices that are required under Regulation B
- How to comply with the disclosure and other rules under ECOA & Regulation B



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## Chapter 6 – Consumer Privacy Laws and Regulations

**Instructor:** Gibran Nicholas

**Time:** 180 Minutes

### Outline

#### *Section 1 – Gramm-Leach-Bliley Act (GLBA)*

- The three sections of the Gramm-Leach-Bliley-Act that deal with privacy issues
  - Privacy of Consumer Financial Information & Privacy Disclosures
  - Safeguarding of Consumer Financial Information & Information Security
  - Criminal Statute that Prohibits Pre-texting
- Role of the FTC

*Time: 45 minutes*

#### *Section 2 – Fair Credit Reporting Act (FCRA) & Fair and Accurate Credit Transactions Act (FACTA)*

- Requirements under FCRA and FACTA
- Affiliate Marketing Rule
- Risk Based Pricing Rule
- FCRA Identity Theft Provisions
- Red Flags Rule

*Time: 90 minutes*

#### *Section 3 – Consumer Privacy Rules Implemented by the FTC and FCC*

- Do-Not-Call Rules
- Do-Not-Fax Rules
- Do-Not-Spam Rules

*Time: 45 minutes*

### **Learning Objectives**

- How the Gramm-Leach-Bliley Act (GLBA) impacts mortgage lenders and brokers
- How the Fair Credit Reporting Act (FCRA) impacts mortgage lenders and brokers
- How the Affiliate Marketing, Risk-Based Pricing, & Red Flag Rules impact mortgage lenders and brokers
- How FTC and FCC consumer privacy regulations impact mortgage lenders and brokers



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## Chapter 7 – Mortgage Underwriting

**Instructor:** Gibran Nicholas

**Time:** 270 Minutes

### Outline

- *Part 1 – Underwriting Income and Liabilities (90 minutes)*
  - PITI - formulas, calculations, and usages
  - DTI - formulas, calculations, and usages
  - Qualifying Income – formulas, calculation, and usages
  - Underwriting guidelines for income assessment
  - Analyzing income for self-employed borrowers
- *Part 2 – Underwriting Assets (45 minutes)*
  - Down Payment Assets
  - Reserves
  - Asset verification methods and requirements
- *Part 3 – Underwriting the Property (60 minutes)*
  - Originator involvement in the appraisal process
    - HVCC
    - FHA appraisal rules
  - Three methods of determining property value
  - Analyzing the appraisal
  - Loan to Value (LTV) – formulas, calculations, and usages
- *Part 4 – Underwriting Credit (45 minutes)*
  - Credit report analysis
  - Credit score analysis
- *Part 5 – Underwriting Loan Purpose and Occupancy (30 minutes)*
  - Loan purpose rules and analysis
  - Occupancy rules and analysis

### Learning Objectives

- How to evaluate a borrower's income and liabilities
- How to evaluate a borrower's assets
- How to evaluate a borrower's collateral: the subject property
- How to evaluate credit reports and scores
- How to evaluate loan purpose and occupancy



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## Chapter 8 – Mortgage Loan Programs

**Instructor:** Gibran Nicholas  
**Time:** 60 Minutes

### Outline

- The Mortgage Securitization Process
- Conforming Loans
  - Fannie Mae
  - Freddie Mac
  - Role of Mortgage Insurance (MI) companies
  - Underwriting process
  - Eligibility requirements
- FHA Loans
  - Unique attributes and eligibility requirements
  - FHA mortgage insurance
- VA Loans
  - Unique attributes and eligibility requirements
  - VA guarantee fee
- USDA / RHS loans
  - Unique attributes and eligibility requirements
  - RHS guarantee fee
- Jumbo, Alt-A, and Subprime
  - Definitions and types
  - State and federal guidance on subprime and non-traditional mortgage product risks

### *Learning Objectives*

- How to understand, navigate guidelines, and evaluate suitability of:
  - Conforming loans
  - FHA loans
  - VA loans
  - USDA loans
  - Jumbo, Alt-A, and Subprime mortgages



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## Chapter 9 – Mortgage Loan Products

**Instructor:** Gibran Nicholas

**Time:** 120 Minutes

### Outline

- Fixed rate mortgages
  - Amortization
  - Points and lender credits
  - Temporary buy-downs
- Types, formulas, and mechanics of Adjustable rate mortgages (ARMs)
  - Rate and payment fluctuations
- Types, formulas, and mechanics of interest only mortgages, Option ARMs, balloon mortgages, and construction loans
- Types, formulas, and mechanics of subordinate lien mortgages (including HELOCs)
- Reverse mortgages
  - Qualification and disqualification standards
  - Underwriting the residence
  - How much mortgage and how is the amount determined?
  - How can the money be taken?
  - Title issues
  - Fees
  - Types of purchase and refinance transactions
  - What happens at the end?

### Learning Objectives

- How to understand, explain, and evaluate suitability of:
  - Fixed rate mortgages
  - Adjustable rate mortgages (ARMs)
  - Interest-only mortgages
  - Balloon mortgages
  - Construction loans
  - Closed and open-end subordinate lien mortgages (including HELOCs)
  - Reverse mortgages



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## Chapter 10 – Mortgage Processing and Closing

**Instructor:** Gibran Nicholas

**Time:** 70 Minutes

### Outline

- Completing the Uniform Residential Loan Application (URAR)
- Analyzing title reports and the importance of title insurance
- Understanding the role of hazard and flood insurance
- Understanding and analyzing the purchase agreement / sales contract
- Accuracy and timing of initial mortgage disclosures
- Costs involved in the loan process
- Understanding and analyzing mortgage closing documents and final disclosures
- Funding the loan and the role of the closing agent
- Secondary marketing

### *Learning Objectives*

- How to properly complete the mortgage loan application
- How to understand and explain title reports and the title insurance process
- How to understand and explain the documents involved in the mortgage process
- How to understand and explain loan closing, funding, and the secondary mortgage market

## RESPA Rule and GFE Supplement to Chapter 2

**Instructor:** Gibran Nicholas

**Time:** 120 Minutes

### Outline

- How "application" is defined for purposes of the GFE and why it's crucial not to give a GFE too soon in the loan process
- Important Dates and Timelines



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- How long does the interest rate need to be guaranteed for and what are some strategies for dealing with this?
  - How long do the settlement costs need to be guaranteed for and what are some strategies for dealing with this?
- Points and Origination Fees from both a broker and lender perspective
  - How to avoid under-pricing your fees
  - What fees are tax deductible in light of the new GFE and HUD-1?
  - When and how can Block #1 of the GFE change?
  - When and how can Block #2 of the GFE change?
  - What if the market changes after the initial GFE is issued but before the borrower locks?
  - How are temporary buy-downs and seller paid points handled?
  - How are "no cost loans" and "reduced cost loans" handled?
- Changed circumstances
  - What qualifies?
  - What doesn't qualify?
  - What happens in the case of a changed circumstance?
  - What can change on the revised GFE in the case of a changed circumstance?
- Service Providers and Tolerances
  - What fees are subject to a tolerance?
  - How does this work exactly?
- GFE Process and Flowchart:
  - Timelines, Tolerances, Changed Circumstances, GFE Expiration, etc.
  - Penalties for violation

### ***Learning Objectives***

- When and how to give borrowers a GFE
- How to understand, complete, and properly explain to borrowers each line of the GFE
- How to handle "changed circumstances" and revised GFEs
- How to list and explain points and origination fees from both a lender and broker perspective
- How to comply with important dates and timelines surrounding the GFE



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For more information, please contact:

CMPS Institute  
3017 Walnut Ridge Dr.  
Ann Arbor, MI 48103  
888.608.9800  
[Info@CMPSInstitute.org](mailto:Info@CMPSInstitute.org)