

August 28, 2013

Notice Regarding Revised State-Specific Education Requirements for Maryland Office of the Commissioner of Financial Regulation (MD-OCFR) Beginning October 1, 2013

Purpose

The purpose of this notice is to inform NMLS approved course providers of revised pre-licensure education (PE) requirements that must be met as a condition for licensure with the Maryland Office of the Commissioner of Financial Regulation (MD-OCFR) beginning October 1, 2013. NMLS will begin accepting courses for approval to meet this education requirement beginning September 1, 2013. Existing Maryland state-specific education courses must either be modified or retired by October 1, 2013.

Background and Reason for the Notice

The Maryland Office of the Commissioner of Financial Regulation (MD-OCFR) has informed NMLS that effective October 1, 2013, it will require individuals seeking a mortgage loan originator license to complete five (5) hours of MD-specific pre-licensure (PE) education as detailed below. The five hours of education may be offered as a 5 hour state-specific elective course, or may be included as part of the 20 hours of PE that is required by the SAFE Act.

MD-DLLR State-Specific Education Requirements and Reference List

Beginning October 1, 2013, MD-OCFR's PE education requirement will be as follows:

- 3 hours of Federal Law;
- 3 hours of Ethics (must include fraud, consumer protection, and fair lending issues);
- 2 hours of Lending Standards for Non-Traditional Mortgage Products;
- 3 hours of Maryland Mortgage-Related Law
- 2 hours of Maryland Finder's Fee Law
- 7 hours of Non-Defined Education (electives)

Total PE: 20 hours

The Commissioner of Financial Regulation has established the following course content standards that must be met as a condition for NMLS course approval:

- **1 hour** covering the Maryland Mortgage Originator Law and Mortgage Originator Regulations
- **1 hour** covering the Maryland Mortgage Lender Law and Mortgage Lender Regulations
- **1 hour** covering Interest and Usury laws, Maryland Equal Credit Opportunity Act, Credit laws, Real Property Law, Administrative Procedures Act, Criminal Law (including issuing counterfeit private instruments and documents), and any other

subsequent act(s) or regulation(s) applying to mortgage lender or mortgage loan originators

- **2 hours** covering the Maryland finder's fee law

To assist in course development, the following reference list, which is not intended to be, and should not be relied on as an all-inclusive list of applicable laws, applies:

NOTE: Citations to statutes, regulations, etc. are subject to change as they are amended.

Abbreviations used in this list

“CL”:	Commercial Law Article, Annotated Code of Maryland
“Crim”:	Criminal Law Article, Annotated Code of Maryland
“FI”:	Financial Institutions Article, Annotated Code of Maryland
“RP”:	Real Property Article, Annotated Code of Maryland
“SG”:	State Government Article, Annotated Code of Maryland
“COMAR”:	Code of Maryland Regulations

List of Applicable Maryland Statutes by Title/Subtitle

NOTE: While Maryland-specific education courses should cover all laws and regulations noted below, ***bold italics*** indicate laws and regulations which are frequently cited for violation in Maryland examinations.

1. Interest and Usury
 - a. CL § 12-103(b) (Other permitted rates of interest--Loans secured by residential real property—licensing requirements).
 - b. CL § 12-105 (Charges not considered interest)
 - c. CL § 12-124 (Property insurance coverage)
 - d. ***CL § 12-125 (Financing agreements)***
 - e. CL § 12-127 (Lender to consider homeowner's ability to repay loan)
2. Maryland Equal Credit Opportunity Act
 - a. CL § 12-704 (Discrimination prohibited; compliance with or violation of federal Equal Credit Opportunity Act)
3. Finder's Fees
 - a. ***CL § 12-801 (Definitions)***
 - b. CL § 12-803 (Prohibited relationship between broker and lender)
 - c. ***CL § 12-804 (Fees mortgage broker permitted to charge)***
 - d. ***CL § 12-805 (Payment of finder's fee)***
 - e. CL § 12-806 (Refund of finder's fee)
 - f. CL § 12-807 (Violation of finder's fee subtitle)
 - g. ***CL § 12-808 (Circumstances under which broker may not collect fee)***
4. Credit Grantor Law
 - a. CL § 12-1009 (Prepayment charges prohibited)
5. Denial of Credit—Disclosure
 - a. ***CL § 14-1702 (Notice of action upon application for credit)***

6. Consumer Loan Law
 - a. FI § 11-204 (License required)

7. Mortgage Lender Law
 - a. FI § 11-501 (Definitions)
 - b. FI § 11-502 (Exceptions to subtitle)
 - c. FI § 11-504 (License or registration requirement)
 - d. **FI § 11-505 (Licenses and licensees generally)**
 - e. FI § 11-506 (Qualifications for license)
 - f. FI § 11-508 (Surety bonds)
 - g. FI § 11-508.1 (Lender net worth requirements)
 - h. FI § 11-509 (Investigation of applicant—issuance of license)
 - i. FI § 11-511 (Term and renewal of licenses)
 - j. FI § 11-511.1 (Continuing education)
 - k. **FI § 11-512 (Change of place of business; change in control)**
 - l. **FI § 11-513 (Books and records)**
 - m. **FI § 11-513.1 (Quarterly call reports)**
 - n. FI § 11-515 (Investigatory powers and duties of Commissioner—complaints)
 - o. FI § 11-516 (Order to stop doing business)
 - p. **FI § 11-517 (Suspension or revocation of license—enforcement of subtitle—regulations, etc.; employment of mortgage originators)**

8. Mortgage Loan Originator Law
 - a. **FI § 11-601 (Definitions)**
 - b. FI § 11-602 (General considerations)
 - c. **FI § 11-603 (Powers of licensees)**
 - d. FI § 11-604 (Applications)
 - e. FI § 11-605 (Qualifications for license)
 - f. FI § 11-606 (Prelicensing education courses)
 - g. FI § 11-606.1 (Written tests)
 - h. FI § 11-607 (Investigation and approval)
 - i. FI § 11-609 (Term, expiration, and renewal of license)
 - j. FI § 11-612 (Continuing education)
 - k. FI § 11-613 (Investigations)
 - l. FI § 11-614 (Order to stop operations)
 - m. FI § 11-615 (Violations; penalties)
 - n. FI § 11-616 (Hearings)
 - o. FI § 11-622 (Reports to NMLS; regulations)

9. Real Property Law
 - a. RP § 7-401 (Mortgage fraud)
 - b. RP § 7-402 (mortgage fraud prohibited)

10. Administrative Procedures Act
 - a. SG § 10-222 (Judicial review)
 - b. SG § 10-226 (Licenses—special provisions)

11. Criminal Law

- a. Crim § 8-602 (Issuing counterfeit private instruments and documents)

Constitutional Provisions

1. Constitution of Maryland
 - a. Constitution of Maryland, Article V, Section 3(a) (Powers and duties of Attorney General)

List of Applicable Maryland Regulations

1. Mortgage Lender Regulations
 - a. **COMAR 09.03.06.02 (Definitions)**
 - b. **COMAR 09.03.06.03 (Licensing requirements)**
 - c. **COMAR 09.03.06.04 (Records)**
 - d. COMAR 09.03.06.05 (Advertising and Solicitation)
 - e. COMAR 09.03.06.06 (Financing Agreement)
 - f. **COMAR 09.03.06.07 (Agreements with borrower)**
 - g. **COMAR 09.03.06.09 (Fees)**
 - h. COMAR 09.03.06.10 (Closing)
 - i. COMAR 09.03.06.11 (Brokers)
 - j. COMAR 09.03.06.12 (Expedition)
 - k. COMAR 09.03.06.15 (Bonds, Letters of Credit, and Trust Accounts)
 - l. **COMAR 09.03.06.17 (Continuing Education)**
 - m. **COMAR 09.03.06.20 (Duty of care)**
*sample form at: www.dllr.md.gov/forms/frnettangiblebenefitsworksheet.doc
 - n. COMAR 09.03.10.02 (Duty to report fraud)
2. Mortgage Originator Regulations
 - a. COMAR 09.03.09.02 (Definitions)
 - b. COMAR 09.03.09.03 (Education requirements)
 - c. COMAR 09.03.09.04 (Duty of care)
3. Real Estate Appraisers
 - a. COMAR 09.19.05.02 (Code of Ethics)

In accordance with the SAFE Act, NMLS is the approval authority for courses that are intended to satisfy either the PE or CE requirement for an MLO to be licensed by a state-agency. Courses intending to satisfy the new MD-DLLR requirement must also meet NMLS course approval standards as detailed in the *Functional Specification for All NMLS Approved Courses*. NMLS will begin accepting courses for approval to meet this education requirement beginning September 1, 2013, with the intent of having them approved in time to meet the state agency's new requirement on October 1, 2013. **NOTE: Existing Maryland state-specific education courses must either be modified or retired by October 1, 2013. If the course is updated, the course description is also to be updated with a statement noting that the course meets MD-OCFR's new requirements. Existing courses not modified or replaced by October 1, 2013 will no longer be approved and will be removed from the NMLS Master Course Catalog.**