



**The Professional Development Institute**

2730 University Blvd, Suite 200,  
Wheaton, MD 20902  
301-949-1771 fax: 301-949-5441  
[www.pditraining.net](http://www.pditraining.net)

# **MORTGAGE ORIGINATOR PRE-LICENSING COURSE CATALOG**

Title: Ethics, RESPA, TILA, ECOA, Maryland Finders Fee Law, Maryland Law, Privacy & Security of Customer Records, Predatory Lending & Fraudulent Real Estate Practices, Vocabulary, Credit Reports & Scores, Anatomy of a Loan, The Mortgage Approval Process, The Appraisal Process & Report—40 clock hours

VOLUME 1, NO. 1

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THE PROFESSIONAL DEVELOPMENT INSTITUTE

2730 University Boulevard, Suite 200

Wheaton, MD 20902

www.pditraining.net

BUSINESS PHONE: (301) 949-1771 FAX PHONE: (301) 949-5441

**HISTORY AND MISSION:** The Professional Development Institute was established in 1998. It is owned by: Carl Kessler, Director. The mission of the school is to teach prospective mortgage originators about national and state laws pertaining to mortgage lending in Maryland and prepare them for entry as mortgage originators.

The total program consists of a 40-clock hour course entitled, Ethics, RESPA, TILA, ECOA, Maryland Finders Fee Law, Maryland Law, Privacy & Security of Customer Records, Predatory Lending & Fraudulent Real Estate Practices, Vocabulary, Credit Reports & Scores, Anatomy of a Loan, The Mortgage Approval Process, The Appraisal Process & Report. The knowledge they acquire in subjects such as national and state laws pertaining to mortgage lending in Maryland, such as the Real Estate Settlement Procedures Act (RESPA), and other topics necessary to perform their duties, e.g., credit reports and scores, will prepare them for a career in mortgage lending.

In February 2002, the school applied to the Maryland Higher Education Commission to change the form of organization from a sole proprietorship to a LLC. The chief corporate official will be Carl Kessler, President. The address of the corporation will be 2730 University Blvd, Suite 200, Wheaton, MD 20902. The LLC will provide pre-licensing courses for loan officer under the jurisdiction and subject to the rules and regulations of the Maryland Higher Education Commission and the Maryland Real Estate Commission.

**STAFF:**

Carl Kessler, Director. Marilyn Kessler, Admissions. Winfred Gathitu, Michelle Jennings, Barbara P. Bullard, Lenora C. Maffei, Linda Hyder; Administrative. Akin Michael Adebayo, Francis Bossle, Thomas Dean, Marie T. Dias, Julius C. Ekeoba, Martha A. Hackett, Michael D. Krauss, Patricia J. Overly, Robert T. Strupp, Camilo Rogelio Richards; Instructors.

**FACILITY:**

Classes in are available at 2730 University Blvd, Wheaton, MD 20902; 408 Hunger Ford Drive, Rockville, MD 20850; 9380 Baltimore Pike, Ellicott City, MD 21042; 479 Jumpers Hole Road, Severna Park, MD 21146; 210 West Main Street, Salisbury, MD 21801; 9701 Apollo Drive,

Largo, MD 20774. Traveling to 2730 University Blvd, Wheaton, MD 20902 is as follows: From the Capitol Beltway, take the Georgia Ave. (Route 97) exit northbound. Make a left on Reddie Drive, stay in your right lane and cross over Veirs Mill Road. At the traffic light make a right and go a short distance. On your right you will see the Westfield North Building. There will be ample parking for students. This school facility is located in a well-maintained office building which has rest rooms on each floor, a public telephone in the lobby and soft-drink and snack vending machines in the basement. The instructional space consists of a comfortable classroom furnished with a marker board, instructor desk and chair, conference-style tables and student chairs with high-density foam for seating comfort. There is no space for student services, as the Institute does not offer any.

For directions to other locations, please contact PDI at 240-514-2322 or visit our website at <http://www.pditraining.net/ClassroomEd/MortgagePrelicensing.cfm>.

### **SCHOOL CALENDAR:**

See accompanying schedule for days and times. The total program is 40 clock hours. There are no schedule options. For PDI's inclement weather policy, please go to <http://www.pditraining.net/AboutPDI/WeatherPolicy.cfm>. All canceled classes will be rescheduled within two weeks. The instructor will announce the make-up days. The school will observe the following legal holidays and vacation times: New Year's Day; Martin Luther King, Jr. Day; President's (Washington-Lincoln Birthday) Day; Memorial Day; Independence Day; Labor Day; Veteran's Day; Thanksgiving Day and following day; Christmas Day and December 26-January 2, inclusive.

### **ENROLLMENT AND ENTRANCE REQUIREMENTS:**

All applicants must be at least 18 years of age and have graduated from high school or received a G.E.D. An entrance test is not required.

Students may enroll at any time after the appearance of the announcement, and will be accepted into the next available class. To enroll, send the fee and completed enrollment agreement to the Professional Development Institute, Attn: Mortgage Originator Pre-licensing, Admissions, 2730 University Blvd, Suite 200, Wheaton, MD 20902.

### **COURSE DESCRIPTION:**

Program schedules. Typical schedules will be: three days per week, 8:00 am - 12:00 noon

(12 hours/wk. for approximately 3.5 weeks); two days per week, 7:00 am - 5:30 pm (20 hours/week for two weeks); three days per week, 6:00 pm- 10:00 pm (12 hours/week for approximately 3.5 weeks).

**OBJECTIVE AND PROGRAM CONTENT:**

Skills to be acquired by program graduates. Graduates will learn national and state laws pertaining to mortgage lending in Maryland, such as the Real Estate Settlement Procedures Act (RESPA), and other topics necessary to perform their duties, e.g., credit reports and scores.

Specific occupations for which graduates will qualify. Graduates will qualify for a position as loan officer (Dictionary of Occupational Titles code 13-2072.00).

COURSE CONTENT	HOURS
<b>I. Ethics</b>	<b>(4.0 hours)</b>
A. Introduction to Ethics	
1. Basic concepts	(15 min.)
2. Differences between ethics and law	(15 min.)
B. Ethics as applied to mortgage lenders	
1. Harmful sales practices	(90 min.)
Targeting minority, female, elderly and low-income borrowers	
Lending without regard to borrowers’ ability to repay	
Loan “flipping”	
Incomplete reporting to credit bureaus	
Deceptive and high-pressure sales tactics	
Other	
2. Abusive or deceptive terms and conditions	(90 min.)
Single premium insurance products	
Prepayment penalties and balloon payments on high-cost loans	
Mandatory arbitration agreements	
Financing of points and fees to disguise true cost of borrowing	
Other	

- 3. Other practices (30 min.)
  - Bait-and-switch advertising
  - Changes in loan points and fees at settlement table

**II. Federal Real Estate Settlement Procedures Act (RESPA) compliance (4.0 hours)**

- A. Purposes for RESPA (15 min.)
- B. Required disclosures (60 min.)
  - 1. At time of application
  - 2. Before settlement/closing occurs
  - 3. At settlement
  - 4. After settlement
- C. Statutes explained: consumer protections and prohibited practices (60 min.)
  - 1. Section 8: kickbacks, fee-splitting, unearned fees
  - 2. Section 9: seller required title insurance
  - 3. Section 10: limits on escrow accounts
- D. RESPA Enforcement (45 min.)
  - 1. Civil law suits
  - 2. Loan servicing complaints
  - 3. Other enforcement actions
  - 4. Filing a RESPA complaint
- E. RESPA Reform (45 min.)
  - 1. HUD's concept
  - 2. RESPA Lite
- F. Other (15 min.)
  - 1. PMI Information Act
  - 2. Practical application to the loan originator

**III. Federal Truth in Lending Act compliance (Regulation Z) (4.0 hours)**

- A. Purpose (15 min.)
- B. Truth-in-Lending Disclosure Statements (60 min.)

1. When they are required
  2. Information disclosed
  3. The actual statements
  4. Disclosures for variable rate credit plans
- C. Home Ownership and Equity Protection Act (HOEPA) (45 min.)
1. Loans covered
  2. The APR and Fee-based trigger tests
  3. Disclosures required
  4. Prohibited practices
  5. How compliance violations handled
- D. Right of Rescission (30 min.)
1. Waiving
- E. Advertising Disclosure requirements (30 min.)
- F. Trigger terms in advertising (30 min.)
1. General advertising terms
  2. Advertising for variable rate credit
  3. Actually available credit
  4. Oral rate disclosures
- G. Penalties (30 min.)

**IV. Federal Equal Credit Opportunity Act/Fair Lending compliance (4.0 hours)**

- A. Federal Equal Credit Opportunity Act (ECOA) (30 min.)
1. Provisions protected class, etc.
  2. Violations
  3. Penalties
  4. Practical application to the mortgage originator
  5. Other
- B. Fair Credit Reporting Act (FCRA) (120 min.)
- 1.1 Purpose of Act
  - 1.2 Permissible purposes of consumer reports
  - 1.3 Compliance procedures

1.4	Disclosures to Consumers	
1.5	Identity theft prevention; fraud alerts and active duty alerts	
1.6	Practical application to the mortgage originator	
1.7	Other	
C.	Community Reinvestment Act (CRA)	(30 min.)
1.	Overview of the CRA	
2.	Who are the covered persons	
3.	Practical application to the mortgage lender	
4.	Other	
D.	Home Mortgage Disclosure Act (HMDA)	(30 min.)
1.	Purpose of Regulation C	
2.	Record keeping (LARS) and reporting	
3.	Government monitoring information	
4.	Impact of annual release of information	
E.	The Fair Housing Act	(30 min.)
1.	Protected Class	
2.	Actions prohibited	
3.	Administration	
4.	Penalty for violation	
5.	Practical application to the mortgage originator	
<b>V.</b>	<b>Maryland Finder's Fee Law</b>	<b>(2.0 hours)</b>
A.	Purpose	(15 min.)
B.	Key word meanings	(15 min.)
C.	Prohibited relationships	(15 min.)
D.	Permitted fees and charges	(15 min.)
E.	Written agreements	(30 min.)
1.	Required terms	
2.	Time frames	
F.	Refunds	(15 min.)
G.	Violations and penalties	(15 min.)

- VI. Maryland law, other than finder's fee law (4.0 hours)**
- A. Maryland Mortgage Lender Law (15 min.)
    - 1. Licensing for Lenders
    - 2. Licensing for Brokers
  - B. Maryland Mortgage Originator Law (Effective October 1, 2005) (30 min.)
    - 1. Licensing Requirements
    - 2. Regulations
    - 3. Renewal and Transfer
  - C. Maryland Financing Agreement and Commitment Law (15 min.)
  - D. Maryland's Secondary Mortgage Loan Law - "Covered Loans" (30 min.)
  - E. Mortgage Lender Regulations (Applies to Broker/Lender Licensees)(60 min.)
  - F. Maryland Mortgage Broker Forms (60 min.)
    - 1. Maryland Mortgage Loan Broker Agreement
    - 2. Maryland Financing Agreement
    - 3. Maryland Commitment
    - 4. Notice to Lender about Maryland Law Governing Second Mortgage Loans
    - 5. Maryland Survey Approval
  - G. Code of Conduct – Mortgage Brokers and Mortgage Bankers (30 min.)
- VII. Privacy and security of customer records (2.0 hours)**
- A. Definition of Financial Institution (15 min.)
  - B. The FTC's (45 min.)
    - 1. Privacy Rule
    - 2. Safeguards Rule
  - C. Gramm-Leach-Bliley Act (GLB) (45 min.)
    - 1. Broker compliance with Section 502-09
    - 2. Broker's obligation under Section 501

D.	Disposal	(15 min.)
<b>VIII.</b>	<b>Predatory lending and fraudulent real estate practices</b>	<b>(2.0 hours)</b>
A.	Harmful sales practices	(45 min.)
	1. Targeting minority and other buyers	
	2. Loan flipping	
	3. Lending to borrowers who cannot repay	
	4. Abusive practices by mortgage brokers	
	5. Home improvement contractors and appraisers	
	6. Other	
B.	Abusive or deceptive terms and conditions	(45 min.)
	1. Credit insurance and other insurance products paid in a single premium	
	2. Negative amortization	
	3. Pre-payment penalties	
	4. Balloon payments	
	5. Mandatory arbitration	
	6. Financing of points and fees	
	7. Other	
C.	Federal laws related to predatory lending	(15 min)
	1. Home Ownership and Equity Protection Act (HOEPA)	
	2. Truth in Lending Act (TILA)	
	3. Real Estate Settlement and Procedures Act (RESPA)	
	4. Other	
D.	Discussion; recent updates to Federal predatory lending laws	(15 min.)
<b>IX.</b>	<b>Electives</b>	<b>(14.0 hours)</b>
A.	Vocabulary	(120 min.)
	1. Key words to get each student on same page.	
	2. Terminology.	
B.	Credit report and credit scores, fact and fiction	(120 min.)
	1. How to read a credit report.	
	2. Repositories	

3. Key factors influencing scores
  4. Ways to improve credit scores
  5. Rapid re-scoring
- C. Anatomy of a loan (120 min.)
1. P&I
  2. Margin
  3. Indexes
  4. Loan-to-value
  5. Servicing value
  6. Rating agencies
- D. The mortgage approval process (120 min.)
1. The loan process- participants/time expectations
  2. Qualifying/underwriting
    - a. Debt ratios
    - b. Underwriting guidelines
    - c. Types of loan programs
  3. Stages of the mortgage finance process
- E. The appraisal process and report (120 min.)
1. Types of residential appraisals
  2. How to read an appraisal
  3. Lender's appraiser approval process
  4. Turnaround time expectations
  5. Why appraisers turn down work
- F. Final exam (120 min.)
- G. Exam review and score (120 min.)

**COMPLETION REQUIREMENTS:**

A certificate of completion will be awarded upon successful completion of the program. Graduation requirements are as follows: Complete 40 hours of training with no more than eight (8) hours of make-up classes; achieve a minimum 80% overall attendance rate; achieve a minimum score of 70% on each quiz and on the final exam; and satisfy the financial obligations of the school.

### **GRADE RECORDS:**

On a regular basis which is at least every grading period the Institute will record on an approved individual student permanent record form each student's daily attendance and record of academic achievement.

### **PROGRAM PERFORMANCE:**

Students may obtain from the Maryland Higher Education Commission information regarding the performance of each approved program. This includes but is not limited to information regarding each programs enrollment, completion rate, placement rate, and pass rate of graduates on any licensure examination. The address and telephone number of the Maryland Higher Education Commission appears on the last page of this catalog.

### **ATTENDANCE POLICY:**

Absences, tardiness and early departures. Attendance is tracked by the hour at The Professional Development Institute. Students are expected to be on time and ready for class at the scheduled times. Students who arrive more than 10 minutes late or leave more than 5 minutes early will be counted as absent for that hour.

Make-up work. The Division of Financial Regulation requires 40 instructional hours to be eligible for the mortgage originator license. Therefore, students must make every effort to attend every class.

Evaluation points. Student attendance will be evaluated and reported to the student after approximately 15 and 30 hours of instruction, depending on the particular class schedule. At each point, no more than eight cumulative hours of class may be missed.

Probationary period. There is no probationary period in the mortgage originator pre-licensing program.

Allowed absences before probation or termination; failure to achieve minimum attendance standards. Any student missing more than eight total hours of class, or two classes in a row, will be terminated. A student may re-enter the program in the next available class and will be granted advanced standing for the portion of the program which the student had successfully completed, provided the student re-enters within three months.

Attendance requirement to graduate. A certificate of completion will be awarded upon successful completion of the program. Graduation requirements are as follows: Complete 40 hours of training with no more than eight (8) hours of make-up classes; achieve an 80% overall attendance rate; achieve a minimum score of 70% on each quiz and on the final exam; and satisfy financial obligations of the school.

### **LEAVE OF ABSENCE POLICY:**

A student may be granted a one-time leave of absence for a maximum of sixty (60) days for extreme situations which would prevent the student from completing the course on time. Students must request the leave of absence in advance and in writing. If the student does not return as scheduled, the student will be terminated. Tuition refunds will be issued according to the tuition refund schedule listed on page 13 of this catalog.

### **GRADING SYSTEM:**

Students will be evaluated on a final exam. They will be graded according to the following scale:

- A 90-100%
- B 80-89%
- C 70-79%
- F below 70%.

Minimum grade considered satisfactory. The student must pass each quiz and the final exam with at least a 70 %. Grade reports will be furnished to students within one week of completion of the graded requirement (final exam). The grade records will be maintained at the school.

### **STANDARDS OF SATISFACTORY PROGRESS:**

Students' attendance and academic performance will be evaluated at the end of each module. Students who fail to meet the minimum attendance and/or academic standards identified will be terminated from the program. Students dismissed for unsatisfactory progress may re-enter the program within one year by submitting a new enrollment agreement. There will be no additional conditions or charge to re-enter. A student who is academically dismissed twice may not return.

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#### **Attendance Requirements**

1. Attend 40 hours of training to be graduated;
2. Maintain an 80% attendance rate; and,

3. Miss no more than a total of 8 hours of instruction (which must be made up).

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### Academic Requirements

1. Achieve a passing grade of at least 70% on all quizzes and exams.

### **MAKE-UP WORK:**

Students may make-up missed classes with the permission of the Director and on a space available basis by attending the same class offered in a different schedule, if available, or in the next available class it is offered. All missed classes must be made-up within three months of the student's original date of completion.

Students must re-take any failed quizzes or exams within one week. The quiz/exam retake will be scheduled by the instructor. A student may retake a quiz or exam a maximum of two times. Any student who fails a quiz or exam after two attempts will be dismissed.

### **COST OF THE PROGRAM:**

The total cost of the program is \$499.00 as follows: tuition \$449.01, and registration of \$49.99.

### **REFUND POLICY:**

- a. If the school closes or discontinues a course or program, the school will refund to each currently enrolled student all monies paid by the student for tuition and fees and all monies for which the student is liable for tuition and fees.
- b. All fees paid by a student will be fully refunded if the student chooses not to enroll in, or to withdraw from, the school within seven calendar days after having signed an enrollment agreement.
- c. If the student chooses not to enroll after the seven-day cancellation period, but before the first day of instruction, the registration fee will be retained by the school.
- d. If after the seven-day cancellation period, a student withdraws after instruction begins, refunds will be based on the total contract price for the course and shall include all fees, except materials, supplies, or books which have been purchased by, and are the property of, the student.

The minimum refund that the school will pay a student who withdraws or is terminated after the 7-day cancellation period has expired and after instruction has begun, is as follows:

<u>Proportion of Total Course or Program Taught by Date of Withdrawal</u>	<u>Tuition Refund</u>
Less than 10%	90%
10% up to but not including 20%	80%
20% up to but not including 30%	60%
30% up to but not including 40%	40%
40% up to 50%	20%
more than 50%	No refund

e. The date of withdrawal or termination is the last date of attendance by the student. A refund due the student will be based on the date of withdrawal or termination and paid within 60 days from the date of withdrawal or termination.

f. In the case of an official leave of absence, if a student fails to return to training by the end of the leave of absence, a refund due the student will be based on the date of withdrawal or termination and paid within 60 days of the scheduled last day of the leave of absence.

g. Books purchased are the property of the student and are not refundable except within the seven day cancellation period, as noted above. The registration fee is not refundable after the seven day cancellation period.

Placement services. The Professional Development Institute does not offer placement assistance to its graduates, and does not guarantee that students will find employment as mortgage originators or any other occupation.

Student rights. Students are responsible for diligently applying themselves to learning the material and preparing for examinations, and for complying with the requirements regarding attendance, timeliness, make-up work and student conduct. There are no privileges afforded the student other than free parking in unrestricted spaces in the building's parking lot or nearby lots.

Student grievance procedure. Students have the right to file a grievance with the Maryland Higher Education Commission concerning school violations of Maryland regulations; to obtain program performance information from the Maryland Higher Education Commission; to make up absences and re-enter the program; to graduate and receive a certificate, and to receive refunds pursuant to the refund policy described herein. Students who have a grievance with the school are encouraged to discuss their concerns with their instructor. If the students do not find a satisfactory resolution of their concerns at that level, students may discuss their grievance with the school director. If all channels within this school do not lead to a satisfactory resolution, the student may appeal by submitting a written complaint to: Maryland Higher Education Commission, 839 Bestgate Road, Suite 400, Annapolis, MD 21401-3013. Phone: 410-260-4500 or toll free 800-974-0203, Ext. 4543. [www.mhec.state.md.us](http://www.mhec.state.md.us)

### STUDENT CONDUCT POLICY:

The Professional Development Institute is a smoking-, drug- and alcohol-free workplace and educational institution. Neither smoking nor alcohol consumption nor the possession, use or distribution of illegal drugs is permitted anywhere in the school facilities.

Students are required to act in a manner which will reflect credit on themselves, the school, and the profession. Students will be expected to have the highest possible ethical standards and conduct themselves accordingly. The school has the right to dismiss any student which fails to adhere to and observe school regulations; is involved in illegal or unethical practices; or cannot meet the standards of the school's approved academic and attendance requirements. *Criminal convictions may affect a student's ability to be licensed.*

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