

Mortgage Protection for Iowans

The House gave final passage to a bill to strengthen Iowa's mortgage broker law and protect Iowans from foreclosure. A mortgage broker is a person providing mortgages who is not employed by a financial institution. Senate File 355 now goes to the Governor for his signature.

Last summer, Congress passed the Secure and Fair Enforcement (SAFE) Mortgage Licensing Act, which requires every state to license mortgage loan originators by August 1, 2009. It also created a Nationwide Mortgage Licensing

Registry (NMLR) that states must use to license mortgage originators.

Iowa is ahead of the game, having passed legislation to license mortgage bankers and brokers in 2006, and having participated in the NMLR since it started on January 1, 2008.

The Superintendent of Banking proposed this bill to conform to Federal SAFE Act requirements. Among other things, the bill prohibits:

1. Employing any scheme to mislead borrowers.
2. Making, in any manner, a false or deceptive statement or representation.
3. Failing to make any disclosure required by any state or federal law.
4. Knowingly omitting any material fact in connection with an investigation.
5. Charging a fee to get a loan for the borrower, even if no loan is actually obtained.
6. Making any threat, promise, or payment to anyone to influence his or her judgment regarding a loan.