

New Protections for Iowans Buying A Home

Iowans purchasing a home will benefit from new protections against mortgage providers.

The Iowa Division of Banking (IDOB) has implemented all new licensing requirements for mortgage loan originators. This includes 20 hours of pre-licensure education, passing an exam on federal law, state law, and ethics, a criminal background check, and coverage by a surety bond.

The federal Secure And Fair Enforcement for Mortgage Licensing Act of 2008 (SAFE Act) requires all new mortgage originators to meet these standards by July 31, 2010. Those registered prior to January 1, 2010, have until December 31, 2010 to do so.

The SAFE Act also requires states to license mortgage originators through the Nationwide Mortgage Licensing System and Registry (NMLSR). Iowa got ahead of the curve by passing legislation to license mortgage originators in 2006, and by participating in the NMLSR since it started on January 1, 2008.

The Legislature also passed legislation in 2009 to conform to all other Federal SAFE Act requirements, which prohibit:

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

The IDOB licenses over 1300 individuals authorized to originate mortgage loans. Consumers may check whether a mortgage originator is licensed in Iowa through this website: www.nmlsconsumeraccess.org.