WHAT ACTIVITIES REQUIRE LICENSING IN IOWA?

LENDING / SERVICING

Lending authority is required: 1) to make or service at least four mortgage loans in a calendar year that are secured by a lien on owner occupied residential real property located in Iowa [535B.1(4)]; or 2) to make or service a supervised loan [537.2301(2)].

A supervised loan [537.1301(43)] is a consumer loan [537.1301(14)] in which the rate of finance charge exceeds two points above the monthly average ten-year constant maturity interest rate of U.S. government notes and bonds [535.2(3)]. In general, a consumer loan is a loan made to a person (not an organization) in which the amount financed is $25,000 or less; that is incurred primarily for a personal, family, or household purpose.

Iowa Code §535B.4 prohibits a person from using the title "mortgage banker" without first obtaining a license.

BROKERING

A person who arranges or negotiates, or attempts to arrange or negotiate, at least four mortgage loans or commitments for four or more such loans secured by a lien on owner-occupied residential real property located in this state in a calendar year must obtain a license.

Iowa Code §535B.4 prohibits a person from using the title "mortgage banker" or "mortgage broker" without first obtaining a license.

MORTGAGE LOAN ORIGINATOR

An individual who for compensation or gain or in the expectation of compensation or gain takes a residential mortgage loan application or offers or negotiates terms of a residential mortgage loan. A *"Mortgage loan originator"* does not include: 1) an individual engaged solely as a loan processor or underwriter except as otherwise provided in section 535D.4, subsection 2; 2) an individual who only performs real estate brokerage activities and is licensed in accordance with state law, unless the individual is compensated by a lender, a mortgage broker, or mortgage loan originator or by any agent of such lender, mortgage broker, or mortgage loan originator; 3) an individual solely involved in extensions of credit relating to timeshare plans, as that term is defined in 11 U.S.C. § 101(53D); or 4) an individual employed by a residential mortgage loan servicer if the individual is involved solely in loss mitigation efforts.

WHAT DOES "TAKES A RESIDENTIAL MORTGAGE LOAN APPLICATION" MEAN?

"Takes a residential mortgage loan application" means: 1) any communication, regardless of form, from a mortgage loan originator to a borrower soliciting a loan application or requesting information typically required in an application for the purpose of deciding whether or not to extend the requested offer of a loan to a borrower; or 2) any communication, regardless of form, from a borrower to a mortgage loan originator for an offer or responding to a solicitation for an offer of residential mortgage loan terms or providing information typically required in an application for the purpose of deciding whether or not to extend the requested offer of a loan to a borrower.