

535D.14 Surety bond required or recovery fund.

1. *a.* A mortgage loan originator shall be covered by a surety bond in accordance with this section unless the superintendent establishes a recovery fund pursuant to subsection 4 into which the mortgage loan originator makes payments. In the event that the mortgage loan originator is an employee or exclusive agent of a person subject to chapter 535B, 536, or 536A, the surety bond of such person can be used in lieu of the mortgage loan originator's surety bond requirement.

b. The surety bond shall provide coverage for each mortgage loan originator in an amount as prescribed in subsection 2. The surety bond shall be in a form as prescribed by the superintendent. The superintendent may, pursuant to rule, determine requirements for such surety bonds as are necessary to accomplish the purposes of this chapter.

2. The bond shall be maintained in an amount that reflects the dollar value of loans originated as determined by the superintendent.

3. When an action is commenced on a licensee's bond the superintendent may require the filing of a new bond. Immediately upon recovery upon any action on the bond the licensee shall file a new bond.

4. If the superintendent determines it is not feasible to establish surety bonding requirements that reflect the dollar amount of loans originated by a mortgage loan originator, as provided in subsection 1508(d)(6) of the federal Housing and Economic Recovery Act of 2008, Pub. L. No. 110-289, the superintendent may establish by rule a recovery fund to be paid into by mortgage loan originators. The rules shall provide for the amounts to be paid into the fund by mortgage loan originators. In the event the superintendent establishes a recovery fund, the fund shall be established as a separate fund in the state treasury. Moneys deposited in the fund shall be administered by the superintendent and used for the purposes of compensating members of the public for losses caused by licensees. In addition, the superintendent may use moneys from the fund for the purpose of investigating and prosecuting violations of this chapter or any other state or federal law, rule, or regulation applicable to the conduct of a licensee's business. Notwithstanding section 12C.7, interest earned on amounts deposited in the fund, if established, shall be credited to the fund. Any balance in the fund on June 30 of any fiscal year shall not revert to the general fund of the state.

2009 Acts, ch 61, §15, 25

Referred to in §535D.6