

MAR 14 2005  
Place On Calendar

HOUSE FILE 737  
BY COMMITTEE ON COMMERCE,  
REGULATION AND LABOR

(SUCCESSOR TO HF 115)

Passed House, Date 4-5-05 Passed Senate, Date       
Vote: Ayes 100 Nays 0 Vote: Ayes      Nays       
Approved 4-29-05

A BILL FOR

1 An Act relating to the registration and licensing of mortgage  
2 bankers and brokers, providing for fees, and providing an  
3 effective date.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HOUSE FILE 737

H-1188

- 1 Amend House File 737 as follows:  
2 1. Page 1, line 25, by striking the words "loans  
3 or" and inserting the following: "loans,".  
4 2. Page 1, line 26, by inserting after the word  
5 "nature" the following: ", or otherwise do not  
6 involve direct contact with loan applicants".  
7 3. Page 1, line 35, by striking the words "loans  
8 or" and inserting the following: "loans,".  
9 4. Page 2, line 1, by inserting after the word  
10 "nature" the following: ", or otherwise do not  
11 involve direct contact with loan applicants".

By SANDS of Louisa

H-1188 FILED MARCH 28, 2005

HF 737

1 Section 1. Section 535B.1, Code 2005, is amended by adding  
2 the following new subsection:

3 NEW SUBSECTION. 2A. "Individual registrant" means a  
4 natural person who is registered or who is required to be  
5 registered under section 535B.4A.

6 Sec. 2. Section 535B.1, subsection 4, Code 2005, is  
7 amended to read as follows:

8 4. "Mortgage banker" means a person who does one or more  
9 of the following:

10 a. Makes at least four first mortgage loans on residential  
11 real property located in this state in a calendar year.

12 b. Originates at least four first mortgage loans on  
13 residential real property located in this state in a calendar  
14 year and sells four or more such loans in the secondary  
15 market.

16 c. Services at least four first mortgage loans on  
17 residential real property located in this state. However, a  
18 natural person, who services less than fifteen first mortgage  
19 loans on residential real estate within the state and who does  
20 not sell or transfer first mortgage loans, is exempt from this  
21 paragraph if that person is otherwise exempt from the  
22 provisions of this chapter.

23 "Mortgage banker" does not include a person whose job  
24 responsibilities on behalf of a licensee or individual  
25 registrant are to process mortgage loans or are solely  
26 clerical in nature.

27 Sec. 3. Section 535B.1, subsection 5, Code 2005, is  
28 amended to read as follows:

29 5. "Mortgage broker" means a person who arranges or  
30 negotiates, or attempts to arrange or negotiate, at least four  
31 first mortgage loans or commitments for four or more such  
32 loans on residential real property located in this state in a  
33 calendar year. "Mortgage broker" does not include a person  
34 whose job responsibilities on behalf of a licensee or  
35 individual registrant are to process mortgage loans or are

1 solely clerical in nature.

2 Sec. 4. NEW SECTION. 535B.4A INDIVIDUAL REGISTRATION  
3 REQUIREMENTS -- FEES.

4 1. A natural person who is a mortgage banker or mortgage  
5 broker and who is employed by, under contract with, or is an  
6 agent of a licensee under section 535B.4 shall register  
7 annually with the administrator. The administrator shall  
8 collect registration fees necessary to cover the costs  
9 associated with the annual registrations made pursuant to this  
10 section.

11 2. An individual registrant who registers pursuant to this  
12 section for the first time shall submit to a criminal  
13 background check prior to being registered. The administrator  
14 shall collect fees necessary to cover the costs associated  
15 with criminal background checks conducted pursuant to this  
16 section.

17 3. A person shall not be eligible for licensing pursuant  
18 to section 535B.4 unless all individual registrants employed  
19 by, under contract with, or who are agents of the person have  
20 successfully completed the registration and criminal  
21 background check required by this section.

22 4. The registration of an individual registrant pursuant  
23 to this section is not assignable.

24 5. The registration of an individual registrant pursuant  
25 to this section expires on June 30 following the date of  
26 registration.

27 6. An individual registrant who fails to comply with the  
28 requirements of section 535B.9A shall not be registered or the  
29 registration of the individual registrant may be suspended or  
30 revoked by the administrator.

31 Sec. 5. Section 535B.9, subsection 1, Code 2005, is  
32 amended to read as follows:

33 1. An applicant for a license shall file with the  
34 administrator a bond furnished by a surety company authorized  
35 to do business in this state. The bond shall be in the amount

1 of ~~fifteen~~ twenty-five thousand dollars for an applicant  
2 seeking to transact business solely as a mortgage broker, or  
3 ~~thirty~~ fifty thousand dollars for an applicant seeking to  
4 transact business as a mortgage banker. The bond shall be  
5 continuous in nature until canceled by the surety with not  
6 less than thirty days' notice in writing to the mortgage  
7 broker or mortgage banker and to the administrator indicating  
8 the surety's intention to cancel the bond on a specific date.  
9 The bond shall be for the use of the state and any persons who  
10 may have causes of action against the applicant. The bond  
11 shall be conditioned upon the applicant's faithfully  
12 conforming to and abiding by this chapter and any rules  
13 adopted under this chapter and shall require that the surety  
14 pay to the state and to any persons all moneys that become due  
15 or owing to the state and to the persons from the applicant by  
16 virtue of this chapter.

17 Sec. 6. NEW SECTION. 535B.9A CONTINUING EDUCATION  
18 REQUIREMENTS.

19 1. All individual registrants shall complete twelve hours  
20 of continuing education or training each year. The  
21 administrator shall establish an annual deadline for the  
22 completion of such continuing education or training.

23 2. Continuing education or training shall not be offered  
24 to individual registrants until the curriculum of the  
25 continuing education or training has been approved by the  
26 administrator.

27 3. Each individual registrant shall annually provide the  
28 administrator with proof of the individual registrant's  
29 compliance with the requirements of this section.

30 Sec. 7. EFFECTIVE DATE. The provisions of this Act take  
31 effect July 1, 2006.

32 EXPLANATION

33 This bill requires registration by a natural person who is  
34 a mortgage banker or mortgage broker and who is employed by,  
35 under contract with, or is an agent of a person or business

1 entity that is required to be licensed as a mortgage broker or  
2 mortgage banker under Code chapter 535B. The bill requires  
3 such an individual to register annually with the  
4 administrator, who is the superintendent of the division of  
5 banking of the department of commerce, pay a registration fee,  
6 and successfully complete a criminal background check. The  
7 bill also requires such registrants to complete 12 hours of  
8 continuing education or training each year, the curriculum of  
9 which has been approved by the administrator.

10 The bill provides that a "mortgage broker" or "mortgage  
11 banker" does not include a person whose job responsibilities  
12 on behalf of a licensee or individual registrant are to  
13 process mortgage loans or are solely clerical in nature.

14 The bill requires an applicant for a license as a mortgage  
15 broker to furnish a surety bond in the amount of \$25,000  
16 instead of \$15,000. The bill also requires an applicant for a  
17 license as a mortgage banker to furnish a surety bond in the  
18 amount of \$50,000 instead of \$30,000.

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HOUSE FILE 737

H-1074

1 Amend House File 737 as follows:

2 1. Page 2, by inserting after line 1, the  
3 following:

4 "Sec. \_\_\_\_ . Section 535B.2, Code 2005, is amended  
5 to read as follows:

6 535B.2 EXEMPTIONS.

7 This chapter, except for sections 535B.3, 535B.11,  
8 535B.12, and 535B.13, does not apply to any of the  
9 following:

10 1. A national bank, bank holding company, savings  
11 bank, savings and loan association, or credit union  
12 organized under the laws of this state, another state,  
13 or the United States, or a subsidiary or affiliate of  
14 such a bank, bank holding company, savings bank,  
15 savings and loan association, or credit union.

16 ~~2. A federally chartered savings and loan~~  
17 ~~association.~~

18 ~~3. A federally chartered savings bank.~~

19 ~~4. A federally chartered credit union.~~

20 ~~5. 2. A loan company licensed under chapter 536~~  
21 ~~or 536A.~~

22 ~~6. A bank organized under chapter 524.~~

23 ~~7. A savings and loan association or savings bank~~  
24 ~~organized under chapter 534.~~

25 ~~8. A credit union organized under chapter 533.~~

26 ~~9. 3. An insurance company or a subsidiary or~~  
27 ~~affiliate of an insurance company organized under the~~  
28 ~~laws of this state, another state, or the United~~  
29 ~~States, and subject to regulation by the commissioner~~  
30 ~~of insurance.~~

31 ~~10. A wholly owned subsidiary of an organization~~  
32 ~~listed in subsections 1 through 9 if the listed~~  
33 ~~organization has its principal place of business in~~  
34 ~~Iowa.~~

35 ~~11. A bank, savings and loan association, credit~~  
36 ~~union, or insurance company organized or chartered~~  
37 ~~under the laws of any other state, provided the~~  
38 ~~financial institution or insurance company has a place~~  
39 ~~of business in Iowa or in a county of another state if~~  
40 ~~that county is contiguous to an Iowa border.~~

41 ~~12. 4. Mortgage lenders or mortgage bankers~~  
42 ~~maintaining an office in this state whose principal~~  
43 ~~business in this state is conducted with or through~~  
44 ~~mortgage lenders or mortgage bankers otherwise exempt~~  
45 ~~under this section and which maintain a place of~~  
46 ~~business in this state.~~

47 5. An insurance producer licensed under chapter  
48 522B.

49 6. An individual who is employed by a person  
50 otherwise exempt under this section, or who is under

H-1074

1 an exclusive contract with a person otherwise exempt  
2 under this section to the extent that the individual  
3 is acting within the scope of the individual's  
4 employment or exclusive contract with the exempt  
5 person and is acting within the scope of the exempt  
6 person's charter, license, authority, approval, or  
7 certificate.

8 7. A real estate broker licensed under chapter  
9 543B.

10 ~~13.~~ 8. A nonprofit organization qualifying for  
11 tax-exempt status under the Internal Revenue Code as  
12 defined in section 422.3 which offers housing services  
13 to low and moderate income families.

14 Sec. \_\_\_\_ . Section 535B.3, subsections 1 and 3,  
15 Code 2005, are amended to read as follows:

16 1. A person exempt under section 535B.2,  
17 subsection ~~10, 11, 12, or 13~~ 4 or 8, shall register  
18 with the administrator.

19 3. The registrant, except a nonprofit organization  
20 exempt under section 535B.2, subsection ~~13~~ 8, shall  
21 pay an annual registration fee of one hundred  
22 dollars."

23 2. Page 3, by inserting after line 29, the  
24 following:

25 "Sec. \_\_\_\_ . Section 558.70, subsection 4, Code  
26 2005, is amended to read as follows:

27 4. This section applies to a contract seller who  
28 entered into four or more residential real estate  
29 contracts in the three hundred sixty-five days  
30 previous to the contract seller signing the contract  
31 disclosure statement. For purposes of this  
32 subsection, two or more entities sharing a common  
33 owner or manager are considered a single contract  
34 seller. This section does not apply to an  
35 organization listed in section 535B.2, subsections 1  
36 through ~~12~~ 7."

37 3. By renumbering as necessary.

By SANDS of Louisa

**Fiscal Services Division  
Legislative Services Agency  
Fiscal Note**

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HF 737 (Successor to HF 115) – Mortgage Brokers Licensing (LSB 1524 HV)  
Analyst: Ron Robinson (Phone: (515) 281-6256) (ron.robinson@legis.state.ia.us)  
Fiscal Note Version - New

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**Description**

House File 737 establishes a registration and criminal background check for mortgage bankers and brokers. The Bill establishes registration fees based upon the costs of the annual registration. The Bill also establishes a separate fee to cover the costs of the criminal background checks.

**Assumptions**

1. The Banking Division of the Department of Commerce would utilize three employees to start the registration process.
2. Approximately 700 Mortgage Brokers Originator Licenses would be issued the first year (FY 2007) and 840 the second year (FY 2008).
3. Approximately 1,006 Mortgage Bankers Originator Licenses would be issued the first year (FY 2007) and 1,106 the second year (FY 2008).
4. The Division would establish fees so that revenue deposited to the State General Fund would cover the costs of sustaining the Board's operations.
5. Historically, fees for professional licenses have included at least 15.0% additional costs to cover the indirect cost of services provided by the Division.
6. The annual license fee would be approximately \$110.
7. The \$13 per criminal background check fee will be paid to the Department of Public Safety.

**Fiscal Impact**

The estimated fiscal impact of HF 737 would be as follows:

|                                | <u>FY 2007</u>    | <u>FY 2008</u>    |
|--------------------------------|-------------------|-------------------|
| <b>Revenue:</b>                |                   |                   |
| Background Checks              | \$ 22,178         | \$ 3,120          |
| Registration Fees Brokers      | 77,000            | 92,400            |
| Registration Fees Bankers      | 110,660           | 121,660           |
| <b>Total Revenue</b>           | <u>\$ 209,838</u> | <u>\$ 217,180</u> |
| <b>Expenditures:</b>           |                   |                   |
| Salaries                       | \$ 150,000        | \$ 154,500        |
| Support                        | 27,000            | 27,000            |
| Capital Outlay                 | 10,500            |                   |
| Background Check Fees          | 22,178            | 3,120             |
| <b>Total Expenditures</b>      | <u>\$ 209,678</u> | <u>\$ 184,620</u> |
| <b>General Fund Net Impact</b> | <u>\$ 160</u>     | <u>\$ 32,560</u>  |
| FTE Positions                  | 3.0               | 3.0               |

**Source**

Banking Division of the Department of Commerce

/s/ Holly M. Lyons

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March 16, 2005

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The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.

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HOUSE FILE 737  
BY COMMITTEE ON COMMERCE,  
REGULATION AND LABOR

(SUCCESSOR TO HF 115)

(As Amended and Passed by the House April 5, 2005)

Passed House, Date \_\_\_\_\_ Passed Senate, Date 4-19-05  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes 48 Nays 0  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act relating to the registration and licensing of mortgage  
2 bankers and brokers, providing for fees, and providing an  
3 effective date.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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House Amendments \_\_\_\_\_

1 Section 1. Section 535B.1, Code 2005, is amended by adding  
2 the following new subsection:

3 NEW SUBSECTION. 2A. "Individual registrant" means a  
4 natural person who is registered or who is required to be  
5 registered under section 535B.4A.

6 Sec. 2. Section 535B.1, subsection 4, Code 2005, is  
7 amended to read as follows:

8 4. "Mortgage banker" means a person who does one or more  
9 of the following:

10 a. Makes at least four first mortgage loans on residential  
11 real property located in this state in a calendar year.

12 b. Originates at least four first mortgage loans on  
13 residential real property located in this state in a calendar  
14 year and sells four or more such loans in the secondary  
15 market.

16 c. Services at least four first mortgage loans on  
17 residential real property located in this state. However, a  
18 natural person, who services less than fifteen first mortgage  
19 loans on residential real estate within the state and who does  
20 not sell or transfer first mortgage loans, is exempt from this  
21 paragraph if that person is otherwise exempt from the  
22 provisions of this chapter.

23 "Mortgage banker" does not include a person whose job  
24 responsibilities on behalf of a licensee or individual  
25 registrant are to process mortgage loans, are solely clerical  
26 in nature, or otherwise do not involve direct contact with  
27 loan applicants.

28 Sec. 3. Section 535B.1, subsection 5, Code 2005, is  
29 amended to read as follows:

30 5. "Mortgage broker" means a person who arranges or  
31 negotiates, or attempts to arrange or negotiate, at least four  
32 first mortgage loans or commitments for four or more such  
33 loans on residential real property located in this state in a  
34 calendar year. "Mortgage broker" does not include a person  
35 whose job responsibilities on behalf of a licensee or

1 individual registrant are to process mortgage loans, are  
2 solely clerical in nature, or otherwise do not involve direct  
3 contact with loan applicants.

4 Sec. 4. Section 535B.2, Code 2005, is amended to read as  
5 follows:

6 535B.2 EXEMPTIONS.

7 This chapter, except for sections 535B.3, 535B.11, 535B.12,  
8 and 535B.13, does not apply to any of the following:

9 1. A national bank, bank holding company, savings bank,  
10 savings and loan association, or credit union organized under  
11 the laws of this state, another state, or the United States,  
12 or a subsidiary or affiliate of such a bank, bank holding  
13 company, savings bank, savings and loan association, or credit  
14 union.

15 2.--A-federally-chartered-savings-and-loan-association-

16 3.--A-federally-chartered-savings-bank-

17 4.--A-federally-chartered-credit-union-

18 5- 2. A loan company licensed under chapter 536 or 536A.

19 6.--A-bank-organized-under-chapter-524-

20 7.--A-savings-and-loan-association-or-savings-bank

21 organized-under-chapter-534-

22 8.--A-credit-union-organized-under-chapter-533-

23 9- 3. An insurance company or a subsidiary or affiliate

24 of an insurance company organized under the laws of this

25 state, another state, or the United States, and subject to

26 regulation by the commissioner of insurance.

27 10.--A-wholly-owned-subsiary-of-an-organization-listed-in

28 subsections 1 through 9 if the listed organization has its

29 principal place of business in Iowa-

30 11.--A-bank, savings and loan association, credit union, or

31 insurance company organized or chartered under the laws of any

32 other state, provided the financial institution or insurance

33 company has a place of business in Iowa or in a county of

34 another state if that county is contiguous to an Iowa border-

35 12- 4. Mortgage lenders or mortgage bankers maintaining

1 an office in this state whose principal business in this state  
2 is conducted with or through mortgage lenders or mortgage  
3 bankers otherwise exempt under this section and which maintain  
4 a place of business in this state.

5 5. An insurance producer licensed under chapter 522B.

6 6. An individual who is employed by a person otherwise  
7 exempt under this section, or who is under an exclusive  
8 contract with a person otherwise exempt under this section to  
9 the extent that the individual is acting within the scope of  
10 the individual's employment or exclusive contract with the  
11 exempt person and is acting within the scope of the exempt  
12 person's charter, license, authority, approval, or  
13 certificate.

14 7. A real estate broker licensed under chapter 543B.

15 ~~13.~~ 8. A nonprofit organization qualifying for tax-  
16 exempt status under the Internal Revenue Code as defined in  
17 section 422.3 which offers housing services to low and  
18 moderate income families.

19 Sec. 5. Section 535B.3, subsections 1 and 3, Code 2005,  
20 are amended to read as follows:

21 1. A person exempt under section 535B.2, subsection ~~10~~7  
22 ~~11-12~~-or-~~13~~ 4 or 8, shall register with the administrator.

23 3. The registrant, except a nonprofit organization exempt  
24 under section 535B.2, subsection ~~13~~ 8, shall pay an annual  
25 registration fee of one hundred dollars.

26 Sec. 6. NEW SECTION. 535B.4A INDIVIDUAL REGISTRATION  
27 REQUIREMENTS -- FEES.

28 1. A natural person who is a mortgage banker or mortgage  
29 broker and who is employed by, under contract with, or is an  
30 agent of a licensee under section 535B.4 shall register  
31 annually with the administrator. The administrator shall  
32 collect registration fees necessary to cover the costs  
33 associated with the annual registrations made pursuant to this  
34 section.

35 2. An individual registrant who registers pursuant to this

1 section for the first time shall submit to a criminal  
2 background check prior to being registered. The administrator  
3 shall collect fees necessary to cover the costs associated  
4 with criminal background checks conducted pursuant to this  
5 section.

6 3. A person shall not be eligible for licensing pursuant  
7 to section 535B.4 unless all individual registrants employed  
8 by, under contract with, or who are agents of the person have  
9 successfully completed the registration and criminal  
10 background check required by this section.

11 4. The registration of an individual registrant pursuant  
12 to this section is not assignable.

13 5. The registration of an individual registrant pursuant  
14 to this section expires on June 30 following the date of  
15 registration.

16 6. An individual registrant who fails to comply with the  
17 requirements of section 535B.9A shall not be registered or the  
18 registration of the individual registrant may be suspended or  
19 revoked by the administrator.

20 Sec. 7. Section 535B.9, subsection 1, Code 2005, is  
21 amended to read as follows:

22 1. An applicant for a license shall file with the  
23 administrator a bond furnished by a surety company authorized  
24 to do business in this state. The bond shall be in the amount  
25 of ~~fifteen~~ twenty-five thousand dollars for an applicant  
26 seeking to transact business solely as a mortgage broker, or  
27 ~~thirty~~ fifty thousand dollars for an applicant seeking to  
28 transact business as a mortgage banker. The bond shall be  
29 continuous in nature until canceled by the surety with not  
30 less than thirty days' notice in writing to the mortgage  
31 broker or mortgage banker and to the administrator indicating  
32 the surety's intention to cancel the bond on a specific date.  
33 The bond shall be for the use of the state and any persons who  
34 may have causes of action against the applicant. The bond  
35 shall be conditioned upon the applicant's faithfully

1 conforming to and abiding by this chapter and any rules  
2 adopted under this chapter and shall require that the surety  
3 pay to the state and to any persons all moneys that become due  
4 or owing to the state and to the persons from the applicant by  
5 virtue of this chapter.

6 Sec. 8. NEW SECTION. 535B.9A CONTINUING EDUCATION  
7 REQUIREMENTS.

8 1. All individual registrants shall complete twelve hours  
9 of continuing education or training each year. The  
10 administrator shall establish an annual deadline for the  
11 completion of such continuing education or training.

12 2. Continuing education or training shall not be offered  
13 to individual registrants until the curriculum of the  
14 continuing education or training has been approved by the  
15 administrator.

16 3. Each individual registrant shall annually provide the  
17 administrator with proof of the individual registrant's  
18 compliance with the requirements of this section.

19 Sec. 9. Section 558.70, subsection 4, Code 2005, is  
20 amended to read as follows:

21 4. This section applies to a contract seller who entered  
22 into four or more residential real estate contracts in the  
23 three hundred sixty-five days previous to the contract seller  
24 signing the contract disclosure statement. For purposes of  
25 this subsection, two or more entities sharing a common owner  
26 or manager are considered a single contract seller. This  
27 section does not apply to an organization listed in section  
28 535B.2, subsections 1 through ~~2~~ 7.

29 Sec. 10. EFFECTIVE DATE. The provisions of this Act take  
30 effect July 1, 2006.

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HOUSE FILE 737

AN ACT

RELATING TO THE REGISTRATION AND LICENSING OF MORTGAGE BANKERS AND BROKERS, PROVIDING FOR FEES, AND PROVIDING AN EFFECTIVE DATE.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 535B.1, Code 2005, is amended by adding the following new subsection:

NEW SUBSECTION. 2A. "Individual registrant" means a natural person who is registered or who is required to be registered under section 535B.4A.

Sec. 2. Section 535B.1, subsection 4, Code 2005, is amended to read as follows:

4. "Mortgage banker" means a person who does one or more of the following:

a. Makes at least four first mortgage loans on residential real property located in this state in a calendar year.

b. Originates at least four first mortgage loans on residential real property located in this state in a calendar year and sells four or more such loans in the secondary market.

c. Services at least four first mortgage loans on residential real property located in this state. However, a natural person, who services less than fifteen first mortgage loans on residential real estate within the state and who does not sell or transfer first mortgage loans, is exempt from this paragraph if that person is otherwise exempt from the provisions of this chapter.

"Mortgage banker" does not include a person whose job responsibilities on behalf of a licensee or individual

registrant are to process mortgage loans, are solely clerical in nature, or otherwise do not involve direct contact with loan applicants.

Sec. 3. Section 535B.1, subsection 5, Code 2005, is amended to read as follows:

5. "Mortgage broker" means a person who arranges or negotiates, or attempts to arrange or negotiate, at least four first mortgage loans or commitments for four or more such loans on residential real property located in this state in a calendar year. "Mortgage broker" does not include a person whose job responsibilities on behalf of a licensee or individual registrant are to process mortgage loans, are solely clerical in nature, or otherwise do not involve direct contact with loan applicants.

Sec. 4. Section 535B.2, Code 2005, is amended to read as follows:

535B.2 EXEMPTIONS.

This chapter, except for sections 535B.3, 535B.11, 535B.12, and 535B.13, does not apply to any of the following:

1. A national bank, bank holding company, savings bank, savings and loan association, or credit union organized under the laws of this state, another state, or the United States, or a subsidiary or affiliate of such a bank, bank holding company, savings bank, savings and loan association, or credit union.

~~2. A federally chartered savings and loan association.~~

~~3. A federally chartered savings bank.~~

~~4. A federally chartered credit union.~~

5. 2. A loan company licensed under chapter 536 or 536A.

~~6. A bank organized under chapter 524.~~

~~7. A savings and loan association or savings bank organized under chapter 534.~~

~~8. A credit union organized under chapter 533.~~

9. 3. An insurance company or a subsidiary or affiliate of an insurance company organized under the laws of this

state, another state, or the United States, and subject to regulation by the commissioner of insurance.

~~10. -- A wholly-owned subsidiary of an organization listed in subsections 1 through 9 if the listed organization has its principal place of business in Iowa.~~

~~11. -- A bank, savings and loan association, credit union, or insurance company organized or chartered under the laws of any other state, provided the financial institution or insurance company has a place of business in Iowa or in a county of another state if that county is contiguous to an Iowa border.~~

~~12. 4.~~ Mortgage lenders or mortgage bankers maintaining an office in this state whose principal business in this state is conducted with or through mortgage lenders or mortgage bankers otherwise exempt under this section and which maintain a place of business in this state.

5. An insurance producer licensed under chapter 522B.

6. An individual who is employed by a person otherwise exempt under this section, or who is under an exclusive contract with a person otherwise exempt under this section to the extent that the individual is acting within the scope of the individual's employment or exclusive contract with the exempt person and is acting within the scope of the exempt person's charter, license, authority, approval, or certificate.

7. A real estate broker licensed under chapter 543B.

~~13. 8.~~ A nonprofit organization qualifying for tax-exempt status under the Internal Revenue Code as defined in section 422.3 which offers housing services to low and moderate income families.

Sec. 5. Section 535B.3, subsections 1 and 3, Code 2005, are amended to read as follows:

1. A person exempt under section 535B.2, subsection ~~10, 11, 12, or 13~~ 4 or 8, shall register with the administrator.

3. The registrant, except a nonprofit organization exempt under section 535B.2, subsection ~~13~~ 8, shall pay an annual registration fee of one hundred dollars.

Sec. 6. NEW SECTION. 535B.4A INDIVIDUAL REGISTRATION REQUIREMENTS -- FEES.

1. A natural person who is a mortgage banker or mortgage broker and who is employed by, under contract with, or is an agent of a licensee under section 535B.4 shall register annually with the administrator. The administrator shall collect registration fees necessary to cover the costs associated with the annual registrations made pursuant to this section.

2. An individual registrant who registers pursuant to this section for the first time shall submit to a criminal background check prior to being registered. The administrator shall collect fees necessary to cover the costs associated with criminal background checks conducted pursuant to this section.

3. A person shall not be eligible for licensing pursuant to section 535B.4 unless all individual registrants employed by, under contract with, or who are agents of the person have successfully completed the registration and criminal background check required by this section.

4. The registration of an individual registrant pursuant to this section is not assignable.

5. The registration of an individual registrant pursuant to this section expires on June 30 following the date of registration.

6. An individual registrant who fails to comply with the requirements of section 535B.9A shall not be registered or the registration of the individual registrant may be suspended or revoked by the administrator.

Sec. 7. Section 535B.9, subsection 1, Code 2005, is amended to read as follows:

1. An applicant for a license shall file with the administrator a bond furnished by a surety company authorized to do business in this state. The bond shall be in the amount of fifteen twenty-five thousand dollars for an applicant

seeking to transact business solely as a mortgage broker, or thirty fifty thousand dollars for an applicant seeking to transact business as a mortgage banker. The bond shall be continuous in nature until canceled by the surety with not less than thirty days' notice in writing to the mortgage broker or mortgage banker and to the administrator indicating the surety's intention to cancel the bond on a specific date. The bond shall be for the use of the state and any persons who may have causes of action against the applicant. The bond shall be conditioned upon the applicant's faithfully conforming to and abiding by this chapter and any rules adopted under this chapter and shall require that the surety pay to the state and to any persons all moneys that become due or owing to the state and to the persons from the applicant by virtue of this chapter.

Sec. 8. NEW SECTION. 535B.9A CONTINUING EDUCATION REQUIREMENTS.

1. All individual registrants shall complete twelve hours of continuing education or training each year. The administrator shall establish an annual deadline for the completion of such continuing education or training.

2. Continuing education or training shall not be offered to individual registrants until the curriculum of the continuing education or training has been approved by the administrator.

3. Each individual registrant shall annually provide the administrator with proof of the individual registrant's compliance with the requirements of this section.

Sec. 9. Section 558.70, subsection 4, Code 2005, is amended to read as follows:

4. This section applies to a contract seller who entered into four or more residential real estate contracts in the three hundred sixty-five days previous to the contract seller signing the contract disclosure statement. For purposes of this subsection, two or more entities sharing a common owner

or manager are considered a single contract seller. This section does not apply to an organization listed in section 535B.2, subsections 1 through ~~2~~ 7.

Sec. 10. EFFECTIVE DATE. The provisions of this Act take effect July 1, 2006.

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CHRISTOPHER C. RANTS  
Speaker of the House

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JOHN P. KIBBIE  
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 737, Eighty-first General Assembly.

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MARGARET THOMSON  
Chief Clerk of the House

Approved 4/29, 2005

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THOMAS J. VILSACK  
Governor