

BANKING DIVISION[187]

Adopted and Filed

Rulemaking related to mortgage loan originators

The Division of Banking hereby rescinds Chapter 19, “Mortgage Loan Originators,” Iowa Administrative Code, and adopts a new Chapter 19 with the same title.

Legal Authority for Rulemaking

This rulemaking is adopted under the authority provided in Iowa Code sections 535D.5, 535D.6, 535D.9 through 535D.12, 535D.19 and 535D.21.

State or Federal Law Implemented

This rulemaking implements, in whole or in part, Iowa Code chapters 17A and 535D.

Purpose and Summary

Pursuant to Executive Order 10, the Division is rescinding Chapter 19 and adopting a new chapter in lieu thereof. The new chapter eliminates language that is duplicative of statutory language, eliminates unnecessary and inconsistent language, removes unnecessarily restrictive terms, and updates outdated language.

Public Comment and Changes to Rulemaking

Notice of Intended Action for this rulemaking was published in the Iowa Administrative Bulletin on June 10, 2026, as **ARC 0366D**. A public hearing was held on the following date(s):

- July 9, 2026
- July 14, 2026

The Iowa Bankers Association attended the hearing held on July 14 and expressed support for the proposed rulemaking. No public comments were received. No changes from the Notice have been made.

Adoption of Rulemaking

This rulemaking was adopted by the Superintendent of Banking on August 14, 2026.

Fiscal Impact

This rulemaking has no fiscal impact to the State of Iowa.

Jobs Impact

After analysis and review of this rulemaking, no impact on jobs has been found.

Waivers

Any person who believes that the application of the discretionary provisions of this rulemaking would result in hardship or injustice to that person may petition the Division for a waiver of the discretionary provisions, if any.

Review by Administrative Rules Review Committee

The Administrative Rules Review Committee, a bipartisan legislative committee which oversees rulemaking by executive branch agencies, may, on its own motion or on written request by any individual or group, review this rulemaking at its [regular monthly meeting](#) or at a special meeting. The Committee’s meetings are open to the public, and interested persons may be heard as provided in Iowa Code section 17A.8(6).

Effective Date

This rulemaking will become effective on October 21, 2026.

The following rulemaking action is adopted:

ITEM 1. Rescind 187—Chapter 19 and adopt the following **new** chapter in lieu thereof:

CHAPTER 19 MORTGAGE LOAN ORIGINATORS

187—19.1(17A,535D) Definitions. For the purposes of this chapter, the definitions in Iowa Code section 535D.3 shall apply. In addition, unless the context otherwise requires, the following definitions shall apply to this chapter and to Iowa Code chapter 535D:

“*Nationwide multistate licensing system*” or “*NMLS*” means the same as “nationwide mortgage licensing system and registry” as defined in Iowa Code section 535D.3.

“*Takes a residential mortgage loan application*,” with respect to Iowa Code section 535D.3(8), 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.

187—19.2(17A,536) Utilization of NMLS.

19.2(1) All application and licensing information shall be submitted through NMLS, including but not limited to the following: original application information, changes in application information, license renewal information, and notices of significant events.

19.2(2) The applicant or licensee shall pay any fees required by NMLS, including but not limited to the following: initial set-up fee and annual processing fees, background check fees, and credit background check fees.

187—19.3(17A,535D) Application for a license.

19.3(1) An application for a license to act as a mortgage loan originator shall be submitted to the superintendent, on the form provided and with the information requested, through NMLS. The superintendent may consider an application withdrawn if it does not contain all required information and the information is not submitted to the superintendent within 30 days after the superintendent requests the information. The applicant may also request that the application be withdrawn at any time before the superintendent has decided to grant or deny the application.

19.3(2) An applicant must complete the prelicensing education requirements specified in Iowa Code section 535D.7 and pass the SAFE mortgage loan originator test approved by NMLS pursuant to Iowa Code section 535D.8 before submitting an application. The test is comprised of a national component and a state component, and applicants must pass each component with a score of 75 percent or higher.

19.3(3) The applicant must submit a \$50 application fee. This fee is nonrefundable. This fee is in addition to any fees established and charged by NMLS, any approved education course provider, any approved education testing provider, any law enforcement agency for fingerprints and background checks, or by any credit reporting agency used by NMLS.

19.3(4) An applicant must provide fingerprints, authorize a criminal history background check as specified in Iowa Code section 535D.5(4), and pay the appropriate fees for the purpose of conducting a national criminal history background check through the Federal Bureau of Investigation. This

requirement applies to all individuals, regardless of whether the applicant was previously registered under Iowa Code chapter 535B or if the applicant has previously submitted fingerprint cards for licensure.

19.3(5) An applicant for a mortgage loan originator license must file with the superintendent a bond complying with the provisions of Iowa Code section 535D.14. An applicant or licensee may satisfy this requirement by one of the following:

a. A mortgage loan originator may be covered by the bond of a company subject to Iowa Code chapter 535B, 536, or 536A as specified in Iowa Code section 535D.14(1).

b. A mortgage loan originator who is not covered by a company bond pursuant to paragraph 19.3(5) “a” must provide an individual bond meeting the requirements of paragraph 19.3(5) “c.”

c. The bond amount required to be filed and maintained by or on behalf of a mortgage loan originator who is not an employee or exclusive agent of a company subject to Iowa Code chapter 535B, 536, or 536A shall be set and adjusted annually using the following scale, based on the volume of residential mortgage loans originated, processed, and underwritten, as the case may be, by the licensee during the preceding calendar year:

<u>Loans</u>	<u>Bond Amount</u>
\$0 – \$5,000,000	\$25,000
\$5,000,001 – \$20,000,000	\$50,000
\$20,000,001 – \$50,000,000	\$75,000
\$50,000,001 – \$100,000,000	\$100,000
Over \$100,000,000	\$150,000

19.3(6) To engage in activities requiring a license, a mortgage loan originator must be employed by, under contract with, or an exclusive agent of a licensed company or a company that is exempt from licensing requirements. The superintendent may consider an application for a mortgage loan originator license from a person not currently employed by, under contract with, or an exclusive agent of a licensee. If the superintendent determines that the applicant is otherwise eligible for a mortgage loan originator license, the superintendent shall approve the license in “active-inactive” status or similar status type indicating that the applicant has met the individual requirements for licensure but is not authorized to conduct business.

19.3(7) An individual who has completed 20 hours of prelicensure education pursuant to 12 U.S.C. 5104(c) must retake 20 hours of prelicensure education in order to be eligible for mortgage loan originator licensure if the individual:

a. Fails to acquire a valid state license or federal registration as a mortgage loan originator within three years from the date of federal compliance with 12 U.S.C. 5104(c); or

b. Fails to acquire a valid state license or federal registration as a mortgage loan originator within three years from the last date of licensure or registration as a mortgage loan originator.

187—19.4(17A,535D) Grounds for denial of license.

19.4(1) The superintendent shall deny an application for a mortgage loan originator license if the applicant does not meet the qualifications outlined in Iowa Code section 535D.6. For the purpose of applying Iowa Code section 535D.6(2), “dishonesty or breach of trust” includes but is not limited to forgery, embezzlement, obtaining money under false pretenses, theft, extortion, fraud, conspiracy to defraud, tax evasion, or another similar offense.

19.4(2) The superintendent may deny an application for a mortgage loan originator license for any of the following reasons:

a. This state or another state or jurisdiction has denied, suspended, or refused to renew the applicant’s license to act as a mortgage loan originator or has denied, suspended, or refused to renew a similar license or registration under this state’s or the other state’s or jurisdiction’s law. An agreement made between a person and this state or another state or jurisdiction not to operate as a mortgage loan originator constitutes a denial of that person’s license to act as a mortgage loan originator in that state.

b. The applicant has been barred, removed, or prohibited from serving in any capacity in a financial institution by any state or federal regulatory agency, including but not limited to the Office of Comptroller of the Currency, the Federal Deposit Insurance Corporation (FDIC), the Board of Governors of the Federal Reserve System, or the U.S. Department of Housing and Urban Development.

c. The applicant has been convicted of forgery, embezzlement, obtaining money under false pretenses, theft, extortion, conspiracy to defraud, tax evasion, or another similar offense in a court of competent jurisdiction in this state or in any other state, territory or district of the United States or in any foreign jurisdiction. For the purposes of this paragraph, “convicted of” includes a guilty plea, deferred judgment, deferred sentence, or other similar finding of guilt by a court of competent jurisdiction.

d. The applicant has had a professional license of any kind revoked in any state or jurisdiction. An agreement to surrender a license and not to operate in an occupation in which a professional license is required is considered a revocation for the purposes of this rule.

e. The applicant is under 18 years of age.

f. The applicant has made a false statement of material fact on an application for a license or has been otherwise implicated in the submission of a false application.

g. The applicant has demonstrated a lack of moral character in a manner that the superintendent reasonably believes will impair the applicant’s ability to act as a mortgage loan originator in full compliance with the public interest and state policies described in Iowa Code chapters 535B and 535D.

h. The applicant has failed to pay child support and is identified in a certificate of noncompliance from the child support recovery unit of the department of health and human services according to the procedures in Iowa Code chapter 252J.

i. The applicant has failed to pay state debt and is identified in a certificate of noncompliance from the department of revenue according to the procedures set forth in Iowa Code chapter 272D.

187—19.5(17A,535D) Renewal of mortgage loan originator license.

19.5(1) A mortgage loan originator license must be renewed before the expiration date of the license to remain authorized to make regulated loans. Licenses expire on the next December 31 after they are issued, but licenses granted on or after November 1 but before January 1 do not expire until December 31 of the following year.

19.5(2) An application to renew a license shall be submitted to the superintendent, on the form provided and with the information requested, including any material change to information contained in the original application, through NMLS by December 1 of the year of expiration along with a nonrefundable \$50 renewal fee. The superintendent may assess a late fee of \$5 per day not to exceed \$100 for a mortgage loan originator license renewal accepted for processing after December 1.

19.5(3) The superintendent may reject for processing a mortgage loan originator license renewal if the license renewal is not complete or if all required fees, including late fees, are not remitted.

19.5(4) The superintendent shall grant an application to renew a mortgage loan originator license if the licensee meets the standards for renewal in Iowa Code section 535D.9 and:

a. The licensee submits the application and the appropriate renewal fee by December 1 or the licensee submits the application after December 1 but before January 1 and pays the appropriate renewal fee and the appropriate late fee;

b. The application is fully completed and includes all necessary information; and

c. The application does not reveal grounds to deny a license.

187—19.6(17A,535D) Reinstatement of license.

19.6(1) The license of a mortgage loan originator that expires for failure to satisfy the minimum standards for renewal may be reinstated if the licensee meets the following requirements:

a. The application for reinstatement is submitted between January 1 and February 28 of the year immediately following the year the license expired;

b. All continuing education courses and any other minimum requirements for license renewal for the year in which the license expired are completed prior to submission of the application for reinstatement; and

c. The licensee pays a reinstatement fee of \$50, in addition to the renewal fee and any late charges.

19.6(2) A mortgage loan originator whose license has expired and who fails to meet the requirements for reinstatement specified in this rule must apply for a new license and meet the requirements in effect at that time.

187—19.7(17A,535D) Notice of significant events. A licensee shall notify the superintendent through NMLS within ten days of the occurrence of any of the following events.

19.7(1) The licensee files for bankruptcy protection.

19.7(2) A prosecuting authority files criminal charges against the licensee.

19.7(3) Another state or jurisdiction institutes license denial, cease and desist, suspension or revocation procedures, or other formal or informal regulatory action against the licensee.

19.7(4) The attorney general of Iowa, the Federal Trade Commission, or the enforcer of the consumer protection laws of any other jurisdiction initiates an action to enforce any consumer protection laws against the licensee.

19.7(5) The Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Housing Administration, or Government National Mortgage Association suspends or terminates the licensee's status as an approved loan originator.

19.7(6) The licensee ceases engaging in activities requiring a license and wishes to surrender the licensee's license.

19.7(7) A change is made in the licensee's name.

187—19.8(17A,535D) Administrative fees.

19.8(1) *Investigation or examination fees.* A licensee shall pay an investigation or examination fee as determined by the superintendent based on the actual cost of the operation of the finance bureau of the banking division as described in Iowa Code section 535D.11(2).

19.8(2) *Investigation or examination late fees.* A licensee shall pay the superintendent the total charge for an investigation or examination within 30 days after the superintendent has requested payment. If a licensee fails to pay an investigation or examination fee by the due date, the superintendent may assess an additional penalty of 5 percent of the amount of the fee for each day after the due date.

19.8(3) *Late fees for failing to respond.* In the process of administering Iowa Code chapter 535D, the superintendent may require a person to provide responses to formal orders, examinations, or complaint inquiries. If a person fails to respond within 30 days of the request, the superintendent may assess a penalty of \$10 per day after the initial 30 days.

19.8(4) *NMLS system processing fees.* The applicant or licensee shall pay any fee required by NMLS or attributed to the licensee's record in NMLS pursuant to rule 187—19.2(17A,536).

187—19.9(17A,535D) Continuing education.

19.9(1) A licensee applying to renew a mortgage loan originator license shall complete continuing education as specified in Iowa Code section 535D.10.

19.9(2) The entity providing the continuing education course shall submit to NMLS evidence of the licensee's satisfactory completion of approved continuing education.

19.9(3) Each mortgage loan originator is responsible for maintaining verification records in the form of completion certificates or other documents providing evidence of satisfactory completion of approved continuing education courses. The mortgage loan originator shall retain documentation for a period of three years after the effective date of the mortgage loan originator license renewal. The superintendent may conduct random audits to verify the continuing education submitted to NMLS.

19.9(4) Failure to provide requested evidence of completion of claimed continuing education within 30 days of the written notice from the superintendent shall result in the mortgage loan originator license being placed in inactive status. Prior to the superintendent's activating a mortgage loan originator license that has been placed on inactive status pursuant to this rule, the mortgage loan originator must submit to the superintendent satisfactory evidence that all required continuing education has been completed.

19.9(5) The requirement for completion of continuing education may be waived or the deadline for completion may be extended by the superintendent when a licensed mortgage loan originator:

a. Is called to active duty in the armed forces of the United States for a period of time exceeding 120 consecutive days in any continuing education year.

b. Experiences physical disability, illness, or any extenuating circumstances that prevent successful completion of continuing education.

187—19.10(17A,535D) Independent contractor—loan processor or underwriter.

19.10(1) For the purpose of Iowa Code section 535D.4, “a loan processor or underwriter who is an independent contractor” means any person who processes or underwrites residential mortgage loans and is not a W-2 employee of a company licensed under Iowa Code chapter 535B, 536, or 536A.

19.10(2) An independent contractor must meet all the licensure requirements found in rule 187—19.3(17A,535D) with the exception of subrule 19.3(6).

19.10(3) An independent contractor must meet the bond requirements found in subrule 19.3(5) prior to the issuance of a license.

187—19.11(17A,535D) NMLS information challenge process. A mortgage loan originator may challenge information entered into NMLS by the superintendent by filing a dispute with the superintendent outlining the grounds for the dispute. The grounds for the dispute are limited to a review of the factual accuracy of the information regarding the mortgage loan originator’s license record submitted to NMLS by the superintendent. A mortgage loan originator cannot file a dispute to protest a disciplinary action taken by the superintendent or to appeal the underlying reasons for a disciplinary action. The superintendent shall conduct a paper review of the dispute and determine whether the information submitted to NMLS was factually correct and notify the mortgage loan originator of the determination within 60 days of the receipt of the dispute. If the superintendent determines the information submitted to NMLS is factually incorrect, the superintendent shall take prompt steps to correct the information submitted.

187—19.12(17A,535D) Disciplinary action. The superintendent may impose any of the disciplinary sanctions set out in Iowa Code section 535D.13(2) when the superintendent makes any of the findings in Iowa Code section 535D.13(1) or when the superintendent finds any of the following:

19.12(1) The licensee fails to respond to a superintendent inquiry within 30 days of the date of mailing a written communication directed to the licensee’s last-known address on file with the superintendent.

19.12(2) The licensee continues to act as a mortgage loan originator without first satisfying the required continuing education, absent an express waiver granted by the superintendent.

19.12(3) The licensee has submitted a false report of continuing education.

19.12(4) Another state or jurisdiction has denied, suspended, revoked, or refused to renew the licensee’s license, registration, or authorization to act as a mortgage loan originator under the other state’s or jurisdiction’s law.

187—19.13(17A,535D) Annual report. On or before March 31 of each year, each mortgage loan originator who as of the preceding December 31 was not employed by or an exclusive agent of a company licensed under Iowa Code chapter 535B, 536, or 536A shall file with the superintendent an annual report as required by Iowa Code section 535D.23 stating the amount of residential mortgage loans originated, processed, or underwritten, as the case may be, during the preceding calendar year. The superintendent may assess a late fee of \$10 for each day the annual report is delinquent, not to exceed aggregate late penalties of \$300. The superintendent may relieve any licensee from the payment of any penalty, in whole or in part, for good cause.

Rules 187—19.1(17A,535D) through 187—19.13(17A,535D) are intended to implement Iowa Code chapters 17A and 535D.

187—19.14(17A,252J) Nonpayment of child support. The superintendent shall deny the issuance or renewal of a mortgage loan originator license upon the receipt of a certificate of noncompliance from the

child support recovery unit of the department of health and human services according to the procedures in Iowa Code chapter 252J, and the procedures set forth in this rule also apply.

19.14(1) The notice required by Iowa Code section 252J.8 shall be served upon the mortgage loan originator or applicant by restricted certified mail, return receipt requested, or personal service in accordance with Iowa Rule of Civil Procedure 1.305. Alternatively, the mortgage loan originator or applicant may accept service personally or through authorized counsel.

19.14(2) The effective date of the denial of the issuance or renewal of a mortgage loan originator license, as specified in the notice required by Iowa Code section 252J.8, is 60 days following service of the notice upon the mortgage loan originator or applicant.

19.14(3) Mortgage loan originators and applicants shall keep the superintendent informed of all court actions and all child support recovery unit actions taken under or in connection with Iowa Code chapter 252J and provide the superintendent copies, within seven days of filing or issuance, of all applications filed with the district court pursuant to Iowa Code section 252J.9, all court orders entered in such actions, and withdrawals of certificates of noncompliance by the child support recovery unit.

19.14(4) In the event an applicant or a mortgage loan originator timely files a district court action following service of a superintendent notice pursuant to Iowa Code sections 252J.8 and 252J.9, the superintendent shall continue with the intended action described in the notice upon the receipt of a court order lifting the stay, dismissing the action, or otherwise directing the superintendent to proceed. For purposes of determining the effective date of the denial of the issuance or renewal of a mortgage loan originator license, the superintendent shall count the number of days before the action was filed and the number of days after the action was disposed of by the court.

19.14(5) The superintendent shall notify the mortgage loan originator or applicant in writing through regular first-class mail, or such other means as the superintendent deems appropriate in the circumstances, within ten days of the effective date of the denial of the issuance or renewal of a mortgage loan originator license and similarly notify the mortgage loan originator or applicant when the license is issued or renewed following the superintendent's receipt of a withdrawal of the certificate of noncompliance.

This rule is intended to implement Iowa Code chapters 17A and 252J.

187—19.15(17A,272D) Nonpayment of state debt. The superintendent shall deny the issuance or renewal of a mortgage loan originator license upon the receipt of a certificate of noncompliance from the centralized collection unit of the department of revenue according to the procedures in Iowa Code chapter 272D, and the procedures set forth in this rule also apply.

19.15(1) The notice required by Iowa Code section 272D.8 shall be served on the mortgage loan originator or applicant by restricted certified mail, return receipt requested, or personal service in accordance with the Iowa Rules of Civil Procedure. Alternatively, the mortgage loan originator or applicant may accept service personally or through authorized counsel.

19.15(2) The effective date of the denial of issuance or renewal of a license, as specified in the notice required by Iowa Code section 272D.8, shall be 60 days following service of the notice upon the mortgage loan originator or applicant.

19.15(3) Mortgage loan originators and applicants shall keep the superintendent informed of all court actions and all centralized collection unit actions taken under or in connection with Iowa Code chapter 272D and provide the superintendent copies, within seven days of filing or issuance, of all applications filed with the district court pursuant to Iowa Code section 272D.9, all court orders entered in such actions, and withdrawals of certificates of noncompliance by the centralized collection unit.

This rule is intended to implement Iowa Code chapters 17A and 272D.

[Filed 8/14/26, effective 10/21/26]

[Published 9/16/26]

EDITOR'S NOTE: For replacement pages for IAC, see IAC Supplement 9/16/26.