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## NEWS RELEASE

For Immediate Release

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### NEW IDAHO REQUIREMENTS FOR MORTGAGE LOAN ORIGINATORS

#### Governor Otter Approves Law Implementing New Federally Required Standards

Boise, Idaho . . . Department of Finance Director Gavin Gee announced that new federal standards governing the licensing and oversight of mortgage loan originators took effect in Idaho today, July 1, 2009.

The department introduced House Bill 169 this legislative session to implement the federal Safe and Fair Enforcement Mortgage Licensing Act (S.A.F.E.), which Congress adopted as a part of the Housing and Economic Recovery Act of 2008. The Idaho Legislature passed and Governor Otter signed House Bill 169.

The U.S. Department of Housing and Urban Development (HUD) determines a state's compliance with the federal S.A.F.E. Act mandates,. For states that do not meet those standards, HUD must implement a system for licensing and overseeing mortgage loan originators in that state. "By passing this legislation, Idaho has averted a burdensome dual federal/state mortgage regulatory structure in Idaho," said Gee.

Gee said the federal S.A.F.E. Act requires that all states have a mortgage loan originator licensing system in place by August 1, 2009, utilizing the Nationwide Mortgage Licensing System (NMLS). "Idaho is ahead of most states in this area," said Gee. "Idaho has licensed mortgage loan originators since January of 2006 and we were among the first states to join the NMLS in January of 2008."

The federal S.A.F.E. Act standards do more than require mortgage loan originators to be licensed or registered in every state through the NMLS. The new standards for regulation of mortgage loan originators also include:

- credit report checks
- criminal history checks
- pre-license testing
- pre-license education and post-licensure continuing education
- state mortgage recovery fund

## NEWS RELEASE

July 1, 2009

Page 2

- annual mortgage call reports
- reporting of enforcement actions and public access to this information
- consumer complaint processing

The S.A.F.E. Act standards also include a lifetime bar from obtaining a mortgage loan originator license in the United States by anyone who has been convicted of a felony involving fraud, dishonesty, or breach of trust, or money laundering. Under the federal standards, an applicant for a mortgage loan originator license must not have any other felonies within the seven years immediately preceding the date of the license application.

Gee said Congress also stipulated in the S.A.F.E. Act that any person who has had a mortgage license revoked anywhere in the United States is barred from ever obtaining a mortgage loan originator license.

Another important change in Idaho law as a result of House Bill 169 involves mortgage modification services. “In the current economy the department is receiving an increasing number of complaints against third-party providers offering advance-fee mortgage loan modification services,” said Gee. “Beginning today, offers of mortgage loan modification services by third-party providers will be regulated under the provisions of the Idaho Residential Mortgage Practices Act. Individuals and companies offering mortgage loan modification services for others in Idaho will have to obtain a license under the new law and will be restricted from charging certain upfront fees for their services.”

Gee commended the Idaho Association of Mortgage Brokers and the Idaho Mortgage Lenders Association for their support and work on passage of the S.A.F.E. Mortgage Licensing Act in Idaho. “We’re fortunate in Idaho to have these statewide mortgage associations whose members seek to enhance professionalism in the industry and promote sound mortgage brokering and lending practices.”

House Bill No. 169 can be accessed on the Internet website for the Idaho Legislature at: <http://www.legislature.idaho.gov/legislation/2009/H0169.htm> or can be obtained by contacting the Department at (208) 332-8002.



Department of Finance Press Releases and other information can be found on the Department’s website at <http://finance.idaho.gov> and may also be obtained by contacting the Department at (208) 332-8000 or Idaho toll-free at 1-888-346-3378.