

Protect yourself: Investigate your mortgage broker

Need a home loan? Here's how to check out salespeople in advance.

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Hop on one of the Internet sites devoted to home financing or start poking around your neighborhood for a residential loan, and the chances are good that you'll end up in the arms of a mortgage broker.

That hasn't changed since the heyday of the [housing bubble](#). Back then, brokers with no training, little knowledge and, in some cases, criminal histories helped foist all manner of exotic and ill-fated mortgages on the masses.

What has changed is that it's now considerably harder to become a broker and easier for potential clients to dig into brokers' backgrounds before sending them sensitive personal data, financial records and, quite possibly, a jumbo check.

Thanks go in part to the [Nationwide Mortgage Licensing System & Registry \(NMLS\)](#). It was set up by regulators as part of the [2008 Secure and Fair Enforcement for Mortgage Licensing Act](#). It requires individual brokers to undergo a stringent registration process and to list their professional histories in a consumer-accessible database.

"It prevents certain people who can't pass the tests from getting into the industry," says William Matthews, chief executive of the State Regulatory Registry, which was involved in the NMLS site's creation.

For those who have little knowledge of the mortgage market, it's important to understand that brokers are commission-based home-loan salespeople. Some represent numerous lenders, akin to independent insurance agents. Others drum up business for a specific bank or other mortgage lender. Bank loan officers often receive sales

commissions, too, but unlike independent brokers, they come under the purview of bank regulators.

Four years ago, the home-loan industry allowed anyone -- including criminals -- to broker mortgages as long as they coughed up a filing fee and took refuge under an employer's license. These days, new applicants must sit for 20 hours and existing brokers for eight hours of education. Everyone must pass federal and state tests as well as credit and criminal background screenings. States even fingerprint mortgage brokers.

Consumers can now also check out mortgage brokers by going to www.nmlsconsumeraccess.org. You can plug in the names of individual brokers and browse their professional histories, disciplinary records and the states where they are licensed. The NMLS site plans to add bank mortgage-loan officers by this summer.

Commercial websites can be useful as well. Zillow.com's Mortgage Marketplace includes 7,000 user-written reviews of mortgage brokers and bankers. Rival LendingTree is aiming to add a similar service later this year.

"We're out in the open, and you can see everything about us," says Michael D'Alonzo, president of the National Association of Mortgage Brokers and an active mortgage broker.