



## 2009 ASSEMBLY BILL 765

February 22, 2010 – Introduced by Representatives FIELDS and PARISI. Referred to Committee on Financial Institutions.

1     **AN ACT to repeal** 224.71 (3) (b) 7. and 224.71 (4) (b) 9. and (6) (b) 4.; **to renumber**  
2             **and amend** 224.72 (4) (a) 2.; **to amend** 224.72 (4) (a) 4.; and **to create** 224.72  
3             (4) (a) 2. a. and b. of the statutes; **relating to:** licensing requirements for  
4             mortgage bankers and mortgage brokers.

---

### *Analysis by the Legislative Reference Bureau*

Under current law, a person may not act as a mortgage banker, mortgage broker, or mortgage loan originator unless the person is licensed as such with the Division of Banking in the Department of Financial Institutions (division). A mortgage banker is, with certain exceptions, a person who originates residential mortgage loans (loans) for itself or for another person; sells loans or interests in loans to another person; or services loans or provides escrow services. A mortgage broker is, with certain exceptions, a person who, on behalf of a loan applicant or an investor and for commission or other compensation, finds a loan or negotiates a loan or loan commitment. A mortgage loan originator is, with certain exceptions, an individual who takes a residential mortgage loan application or offers or negotiates terms of a residential mortgage loan for compensation or gain. State and federally chartered financial institutions are not mortgage bankers or mortgage brokers. In 2009 Wisconsin Act 2 (Act 2), provisions of the federal Secure and Fair Enforcement for Mortgage Licensing Act of 2008 were adopted into state law. Act 2 made extensive changes related to the regulation of mortgage loan originators and also made some changes related to the regulation of mortgage bankers and mortgage brokers,

**ASSEMBLY BILL 765**

including changes related to minimum net worth and bonding amounts for mortgage bankers and mortgage brokers.

Under current law (after Act 2), an applicant for a mortgage banker license must file with the division a bond in the amount of \$300,000 to secure the applicant's faithful performance of duties and obligations and must submit evidence of a minimum net worth of \$250,000. An applicant for a mortgage broker license must file with the division a bond in the amount of \$120,000 to secure the applicant's faithful performance of duties and obligations and must submit evidence of a minimum net worth of \$100,000.

This bill reduces, with one exception, the amount of the bond and net worth requirements for mortgage banker and mortgage broker applicants. Under the bill, an applicant for a mortgage banker license must file a bond in an amount that ranges from \$100,000 to \$300,000, depending on the annual amount of the mortgage banker's loan originations, and must submit evidence of a minimum net worth of \$100,000. An applicant for a mortgage broker license must file a bond in an amount that ranges from \$50,000 to \$100,000, depending on the annual amount of the mortgage broker's loan originations, and must submit evidence of a minimum net worth of \$50,000.

Under current law, there are exceptions that expressly exclude the Department of Veterans Affairs (DVA), when administering its veterans housing loan program, from being considered a mortgage banker or mortgage broker and that exclude its employees from being considered mortgage loan originators.

This bill eliminates these exceptions applicable to DVA and its employees.

---

***The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:***

1           **SECTION 1.** 224.71 (3) (b) 7. of the statutes is repealed.

2           **SECTION 2.** 224.71 (4) (b) 9. and (6) (b) 4. of the statutes, as created by 2009  
3 Wisconsin Act 2, are repealed.

4           **SECTION 3.** 224.72 (4) (a) 2. of the statutes, as affected by 2009 Wisconsin Act  
5 2, is renumbered 224.72 (4) (a) 2. (intro.) and amended to read:

6           224.72 (4) (a) 2. (intro.) File with the division a commercial surety bond which  
7 is in the amount of ~~\$300,000 for a mortgage banker or \$120,000 for a mortgage~~  
8 ~~broker, that~~ is issued by a surety company authorized to do business in this state,  
9 secures the applicant's faithful performance of all duties and obligations of a  
10 mortgage banker or mortgage broker, is payable to the division for the benefit of

**ASSEMBLY BILL 765**

1 persons to whom the mortgage banker or mortgage broker provided services as a  
2 mortgage banker or mortgage broker, is issued on a form that is acceptable to the  
3 division and, provides that the bond may not be terminated without at least 30 days'  
4 written notice to the division, and is in the following amount:

5 **SECTION 4.** 224.72 (4) (a) 2. a. and b. of the statutes are created to read:

6 224.72 (4) (a) 2. a. For a mortgage banker, \$100,000 if the mortgage banker has  
7 residential mortgage loan originations in a calendar year of less than \$10,000,000;  
8 \$200,000 if the mortgage banker has residential mortgage loan originations in a  
9 calendar year of at least \$10,000,000 but less than \$50,000,000; and \$300,000 if the  
10 mortgage banker has residential mortgage loan originations in a calendar year of at  
11 least \$50,000,000.

12 b. For a mortgage broker, \$50,000 if the mortgage broker has residential  
13 mortgage loan originations in a calendar year of less than \$10,000,000; \$75,000 if the  
14 mortgage broker has residential mortgage loan originations in a calendar year of at  
15 least \$10,000,000 but less than \$50,000,000; and \$100,000 if the mortgage broker  
16 has residential mortgage loan originations in a calendar year of at least \$50,000,000.

17 **SECTION 5.** 224.72 (4) (a) 4. of the statutes, as affected by 2009 Wisconsin Act  
18 2, is amended to read:

19 224.72 (4) (a) 4. Submit evidence that establishes, to the division's satisfaction,  
20 a minimum net worth of ~~\$250,000~~ \$100,000 for a mortgage banker or ~~\$100,000~~  
21 \$50,000 for a mortgage broker. Evidence of net worth shall include the submission  
22 of recent financial statements accompanied by a written statement by an  
23 independent certified public accountant attesting that he or she has reviewed the  
24 financial statements in accordance with generally accepted accounting principles.

25 (END)