LRB-2419/1 ARG:jld:ph

## 2009 ASSEMBLY BILL 383

August 18, 2009 – Introduced by Representatives Richards, Berceau, Ballweg, Petersen, Staskunas, Clark, A. Williams and Barca, cosponsored by Senators Kreitlow, Lehman, Lassa and Hansen. Referred to Committee on Consumer Protection.

- 1 AN ACT *to amend* 224.725 (3) (b) of the statutes; **relating to:** convictions
- 2 disqualifying a person from holding a mortgage loan originator license.

### Analysis by the Legislative Reference Bureau

In 2009 Wisconsin Act 2, provisions of the federal Secure and Fair Enforcement for Mortgage Licensing Act of 2008 were adopted into state law, including provisions establishing standards for the licensing of mortgage loan originators. A mortgage loan originator is, with specified exceptions, an individual who takes a residential mortgage loan application or offers or negotiates terms of a residential mortgage loan for compensation or gain. Beginning on January 1, 2010, the Division of Banking in the Department of Financial Institutions (division) may issue a mortgage loan originator license to an applicant only if the applicant satisfies certain criteria. The applicant must provide: fingerprints for submission to the Federal Bureau of Investigation for a state, national, and international criminal history background check; personal history information; and authorization for the release of information related to any administrative, civil, or criminal findings against the applicant. The division may not issue a mortgage loan originator license to an applicant if the applicant has previously had a mortgage loan originator license revoked. The division also may not issue a mortgage loan originator license to an applicant if the applicant has been convicted of a felony in a domestic, foreign, or military court as follows: 1) if the felony involved an act of fraud, dishonesty, breach of trust, or money laundering, the felony disqualifies the applicant from holding a mortgage loan originator's license regardless of when the felony conviction occurred; or 2) if the felony is not one described in item 1), above, the felony disqualifies the applicant from

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holding a mortgage loan originator's license only if the felony conviction occurred within seven years prior to the license application. The division may only renew a mortgage loan originator license if the mortgage loan originator continues to meet the minimum standards for license issuance.

This bill specifies that an applicant convicted of a felony involving an act of theft, embezzlement, forgery, perjury, deceit, extortion, or manufacturing, distribution, or delivery of a controlled substance or controlled substance analog is disqualified from holding a mortgage loan originator license regardless of when the felony conviction occurred.

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

**SECTION 1.** 224.725 (3) (b) of the statutes, as created by 2009 Wisconsin Act 2, is amended to read:

224.725 **(3)** (b) The applicant has not been convicted of, or pled guilty or no contest to, a felony in a domestic, foreign, or military court during the 7–year period preceding the date of the application or, for a felony involving an act of fraud <u>or deceit</u>, dishonesty, breach of trust, <u>theft</u>, <u>embezzlement</u>, <u>forgery</u>, <u>perjury</u>, <u>extortion</u>, <u>or manufacturing</u>, <u>distribution</u>, <u>or delivery of a controlled substance or controlled substance analog</u>, or money laundering, at any time preceding the date of the application. This paragraph does not apply with respect to any conviction for which the applicant has received a pardon.

#### **SECTION 2. Effective date.**

(1) This act takes effect on January 1, 2010, or on the day after publication, whichever is later.

14 (END)