

1 ~~1 to 4 dwelling units, including individual condominium units, is a loan for household~~
2 ~~purposes, but a loan made by a landlord to a tenant as described in sub. (3) (b) 4. is~~
3 ~~not a loan for household purposes.~~

4 **SECTION 508.** 224.71 (1h) of the statutes is created to read:

5 224.71 (1h) "Federal banking agency" means the board of governors of the
6 federal reserve system, the U.S. office of the comptroller of the currency, the U.S.
7 office of thrift supervision, the national credit union administration, or the federal
8 deposit insurance corporation.

9 **SECTION 509.** 224.71 (1m) of the statutes is created to read:

10 224.71 (1m) "Finds," with respect to a residential mortgage loan, means to
11 assist a residential mortgage loan applicant in locating a lender for the purpose of
12 obtaining a residential mortgage loan and to make arrangements for a residential
13 mortgage loan applicant to obtain a residential mortgage loan, including collecting
14 information on behalf of an applicant and preparing a loan package.

15 **SECTION 510.** 224.71 (1r) of the statutes is renumbered 224.71 (6) (a) (intro.)
16 and amended to read:

17 224.71 (6) (a) (intro.) "Loan Mortgage loan originator" means ~~a person who, on~~
18 ~~behalf of a mortgage banker or mortgage broker, finds a loan or negotiates a land~~
19 ~~contract, loan or commitment for a loan. an individual who is not excluded by par.~~
20 ~~(b) and who, for compensation or gain or in the expectation of compensation or gain,~~
21 does all of the following:

22 **SECTION 511.** 224.71 (1u) of the statutes is repealed.

23 **SECTION 512.** 224.71 (2) of the statutes is created to read:

24 224.71 (2) "Loan processor or underwriter" means an individual who, as an
25 employee, performs clerical or support duties at the direction of and subject to the

1 supervision and instruction of a mortgage loan originator licensed under s. 224.725
2 or exempt from licensing under s. 224.726 (1), which clerical or support duties may
3 include any of the following occurring subsequent to the receipt of a residential
4 mortgage loan application:

5 (a) The receipt, collection, distribution, and analysis of information common for
6 the processing or underwriting of a residential mortgage loan.

7 (b) Communicating with a residential mortgage loan applicant to obtain the
8 information necessary for the processing or underwriting of a residential mortgage
9 loan, to the extent that the communication does not include offering or negotiating
10 loan rates or terms or providing counseling related to loan rates or terms.

11 **SECTION 513.** 224.71 (3) (a) 1. to 3. of the statutes are amended to read:

12 224.71 (3) (a) 1. Originates residential mortgage loans for itself, as payee on
13 the note evidencing the residential mortgage loan, or for another person.

14 2. Sells residential mortgage loans or interests in residential mortgage loans
15 to another person.

16 3. Services residential mortgage loans ~~or land contracts~~ or provides escrow
17 services.

18 **SECTION 514.** 224.71 (3) (b) 1. to 7. of the statutes are repealed.

19 **SECTION 515.** 224.71 (3) (b) 8., 9., 10., 11. and 12. of the statutes are created to
20 read:

21 224.71 (3) (b) 8. A depository institution.

22 9. A subsidiary that is owned and controlled by a depository institution and
23 regulated by a federal banking agency.

24 10. An institution regulated by the farm credit administration.

1 11. A person that only performs real estate brokerage activities and is licensed
2 under s. 452.03, unless the person is compensated by a lender, mortgage broker, or
3 mortgage loan originator or by any agent of a lender, mortgage broker, or mortgage
4 loan originator.

5 12. A person solely involved in extensions of credit relating to time-share
6 plans, as defined in 11 USC 101 (53D).

7 **SECTION 516.** 224.71 (4) (a) of the statutes is amended to read:

8 224.71 (4) (a) "Mortgage broker" means a person who is not excluded by par.
9 (b) and who, on behalf of a residential mortgage loan applicant or an investor and for
10 commission, money, or other thing of value, finds a residential mortgage loan or
11 negotiates a ~~land contract~~, residential mortgage loan or commitment for a
12 residential mortgage loan or engages in table funding.

13 **SECTION 517.** 224.71 (4) (b) 1. to 3. of the statutes are repealed.

14 **SECTION 518.** 224.71 (4) (b) 4., 5., 6., 7. and 8. of the statutes are created to read:

15 224.71 (4) (b) 4. A depository institution.

16 5. A subsidiary that is owned and controlled by a depository institution and
17 regulated by a federal banking agency.

18 6. An institution regulated by the farm credit administration.

19 7. A person that performs real estate brokerage activities only and is licensed
20 under s. 452.03, unless the person is compensated by a lender, mortgage broker, or
21 mortgage loan originator or by any agent of a lender, mortgage broker, or mortgage
22 loan originator.

23 8. A person solely involved in extensions of credit relating to time-share plans,
24 as defined in 11 USC 101 (53D).

1 **SECTION 519.** 224.71 (5) of the statutes is renumbered 224.71 (17) and amended
2 to read:

3 224.71 (17) "Table funding" means a transaction in which a person conducts
4 a residential mortgage loan closing in the person's name with funds provided by a 3rd
5 party and the person assigns the residential mortgage loan to the 3rd party within
6 24 hours of the residential mortgage loan closing.

7 **SECTION 520.** 224.71 (6) (a) 1. and 2. and (b) of the statutes are created to read:

8 224.71 (6) (a) 1. Takes a residential mortgage loan application.

9 2. Offers or negotiates terms of a residential mortgage loan.

10 (b) "Mortgage loan originator" does not include any of the following:

11 1. An individual engaged solely as a loan processor or underwriter, unless the
12 individual represents to the public, through advertising or another means of
13 communication such as the use of business cards, stationery, brochures, signs, rate
14 lists, or other promotional items, that the individual can or will perform any of the
15 activities of a mortgage loan originator.

16 2. An individual who performs real estate brokerage activities only and is
17 licensed under s. 452.03, unless the individual is compensated by a lender, mortgage
18 broker, or another mortgage loan originator or by any agent of a lender, mortgage
19 broker, or another mortgage loan originator.

20 3. An individual solely involved in extensions of credit relating to time-share
21 plans, as defined in 11 USC 101 (53D).

22 **SECTION 521.** 224.71 (7) of the statutes is created to read:

23 224.71 (7) "Nationwide mortgage licensing system and registry" means the
24 licensing and registration system developed and maintained by the Conference of
25 State Bank Supervisors and the American Association of Residential Mortgage

1 Regulators for licensed mortgage loan originators and mortgage loan originators
2 exempt from licensing under s. 224.726 (1) or, if this system is no longer maintained,
3 any system established by the secretary of the federal department of housing and
4 urban development under P.L. 110-289, Title V, section 1509.

5 **SECTION 522.** 224.71 (8) of the statutes is created to read:

6 224.71 (8) "Negotiate," with respect to a residential mortgage loan, means to
7 discuss, explain, or present the terms and conditions, including rates, fees, and other
8 costs, of a residential mortgage loan with or to a residential mortgage loan applicant,
9 but does not include making an underwriting decision on a residential mortgage loan
10 or closing a residential mortgage loan.

11 **SECTION 523.** 224.71 (10) of the statutes is created to read:

12 224.71 (10) "Nontraditional mortgage product" means any mortgage product
13 other than a 30-year fixed rate mortgage.

14 **SECTION 524.** 224.71 (11) of the statutes is created to read:

15 224.71 (11) "Originate," with respect to a residential mortgage loan, means to
16 make an underwriting decision on the residential mortgage loan and close the loan.

17 **SECTION 525.** 224.71 (12) of the statutes is created to read:

18 224.71 (12) "Principal office," with respect to a mortgage banker or mortgage
19 broker, means the place of business designated by the mortgage banker or mortgage
20 broker as its principal place of business, as identified in the records of the division.

21 **SECTION 526.** 224.71 (13) of the statutes is created to read:

22 224.71 (13) "Real estate brokerage activity" means any activity that involves
23 offering or providing to the public real estate brokerage services involving
24 residential real property in this state, including all of the following:

1 (a) Acting as a real estate agent or real estate broker for a buyer, seller, lessor,
2 or lessee of real property.

3 (b) Bringing together parties interested in the sale, purchase, lease, rental, or
4 exchange of real property.

5 (c) Negotiating, on behalf of any party, any portion of a contract relating to the
6 sale, purchase, lease, rental, or exchange of real property, other than in connection
7 with providing financing for the transaction.

8 (d) Engaging in any activity for which a person engaged in the activity is
9 required to be licensed under s. 452.03.

10 (e) Offering to engage in any activity, or act in any capacity, described in pars.
11 (a) to (d).

12 **SECTION 527.** 224.71 (15) of the statutes is created to read:

13 224.71 (15) "Residential real property" means real property on which a
14 dwelling is constructed or intended to be constructed.

15 **SECTION 528.** 224.71 (16) of the statutes is created to read:

16 224.71 (16) "Services," with respect to a residential mortgage loan, means to
17 receive payments on a note from the borrower and distribute these payments in
18 accordance with the terms of the note or servicing agreement.

19 **SECTION 529.** 224.71 (18) of the statutes is created to read:

20 224.71 (18) "Unique identifier" means a number or other identifier assigned
21 by protocols established by the nationwide mortgage licensing system and registry.

22 **SECTION 530.** 224.72 (title) of the statutes is amended to read:

23 224.72 (title) **Registration Licensing of mortgage bankers, loan**
24 **originators and mortgage brokers.**

25 **SECTION 531.** 224.72 (1) (intro.) of the statutes is repealed.

1 **SECTION 532.** 224.72 (1) (a) of the statutes is renumbered 224.71 (9) and
2 amended to read:

3 224.71 (9) "Net worth" means total tangible assets less total liabilities of a
4 person, or, if the person is ~~a natural person~~ an individual, total tangible assets less
5 total liabilities exclusive of the person's principal residence and its furnishings and
6 personal use vehicles.

7 **SECTION 533.** 224.72 (1) (b) of the statutes is repealed.

8 **SECTION 534.** 224.72 (1m) of the statutes is amended to read:

9 224.72 (1m) **REGISTRATION LICENSE REQUIRED.** A person may not conduct
10 business or act as a mortgage banker, loan originator or mortgage broker, use the title
11 "mortgage banker", "~~loan originator~~" or "mortgage broker", or advertise or
12 otherwise portray himself ~~or, herself, or itself~~ as a mortgage banker, ~~loan originator~~
13 or mortgage broker, unless the person has been issued a ~~certificate of registration~~
14 from mortgage banker or mortgage broker license by the division.

15 **SECTION 535.** 224.72 (2) (title) of the statutes is repealed and recreated to read:

16 224.72 (2) (title) **LICENSE APPLICATIONS.**

17 **SECTION 536.** 224.72 (2) (intro.) of the statutes is renumbered 224.72 (2) (am)
18 and amended to read:

19 224.72 (2) (am) ~~A person desiring to act as Applicants for~~ a mortgage banker,
20 ~~loan originator or mortgage broker~~ license shall apply for a ~~certificate of registration~~
21 to the division, on forms and in the manner prescribed by the division, and shall pay
22 the fee specified in rules promulgated under sub. (8). ~~An application shall satisfy all~~
23 ~~of the following:~~ Forms prescribed by the division under this paragraph may contain
24 any content or requirement that the division, in its discretion, determines necessary

1 and these forms may be modified or updated as necessary by the division to carry out
2 the purposes of this subchapter.

3 **SECTION 537.** 224.72 (2) (a) and (b) of the statutes are repealed.

4 **SECTION 538.** 224.72 (2) (c) (title) of the statutes is repealed.

5 **SECTION 539.** 224.72 (2) (d) of the statutes is amended to read:

6 224.72 (2) (d) ~~*Social security number exceptions.*~~ 1. If an applicant who is an
7 individual does not have a social security number, the applicant, as a condition of
8 applying for or applying to renew a registration license under this section, shall
9 submit a statement made or subscribed under oath or affirmation to the division that
10 the applicant does not have a social security number. The form of the statement shall
11 be prescribed by the department of children and families.

12 2. Any ~~certificate of registration~~ license issued or renewed in reliance upon a
13 false statement submitted by an applicant under subd. 1. is invalid.

14 **SECTION 540.** 224.72 (2m) of the statutes is created to read:

15 224.72 (2m) LICENSED OFFICES. Each mortgage banker or mortgage broker shall
16 obtain and maintain a license for its principal office and a separate license for each
17 branch office.

18 **SECTION 541.** 224.72 (3) (title) of the statutes is repealed.

19 **SECTION 542.** 224.72 (3) (a) of the statutes is renumbered 224.725 (2) (d) and
20 amended to read:

21 224.725 (2) (d) ~~In addition to the requirements of sub. (2), an~~ Any applicant for
22 ~~registration as a~~ residential mortgage loan originator license shall include in the
23 application the name of the mortgage banker or mortgage broker who will employ
24 the residential mortgage loan originator.

25 **SECTION 543.** 224.72 (3) (b) and (c) of the statutes are repealed.

1 **SECTION 544.** 224.72 (4) (title) of the statutes is amended to read:

2 224.72 (4) (title) ~~ADDITIONAL REQUIREMENT FOR MORTGAGE BANKER APPLICANT~~
3 REQUIREMENTS.

4 **SECTION 545.** 224.72 (4) (a) (intro.) of the statutes is amended to read:

5 224.72 (4) (a) ~~With a bona fide office.~~ (intro.) In addition to the requirements
6 of sub. (2), an applicant for registration as a mortgage banker ~~who maintains a bona~~
7 ~~fide office or mortgage broker license~~ shall do ~~at least one~~ all of the following:

8 **SECTION 546.** 224.72 (4) (a) 1. of the statutes is repealed.

9 **SECTION 547.** 224.72 (4) (a) 2. of the statutes is amended to read:

10 224.72 (4) (a) 2. ~~'File a bond.'~~ File with the division a commercial surety bond
11 which is in the amount of \$25,000 for a mortgage banker or \$10,000 for a mortgage
12 broker, is issued by a surety company authorized to do business in this state, secures
13 the applicant's faithful performance of all duties and obligations of a mortgage
14 banker or mortgage broker, is payable to the division for the benefit of persons to
15 whom the mortgage banker or mortgage broker provided services as a mortgage
16 banker or mortgage broker, is issued on a form that is acceptable to the division and
17 provides that the bond may not be terminated without at least 30 days' written notice
18 to the division.

19 **SECTION 548.** 224.72 (4) (a) 3. of the statutes is repealed.

20 **SECTION 549.** 224.72 (4) (a) 4. of the statutes is amended to read:

21 224.72 (4) (a) 4. ~~'Minimum net worth.'~~ Submit evidence that establishes, to the
22 division's satisfaction, a minimum net worth of ~~\$25,000 and a warehouse line of~~
23 ~~credit of not less than \$250,000 or a minimum net worth of \$100,000~~ for a mortgage
24 banker or \$250,000 for a mortgage broker. Evidence of net worth shall include the
25 submission of a ~~balance sheet that is~~ recent financial statements accompanied by a

1 written statement by an independent certified public accountant attesting that he
2 or she has reviewed the ~~balance sheet~~ financial statements in accordance with
3 generally accepted accounting principles.

4 **SECTION 550.** 224.72 (4) (d) of the statutes is repealed.

5 **SECTION 551.** 224.72 (4m) of the statutes is repealed.

6 **SECTION 552.** 224.72 (4n) (intro.) of the statutes is amended to read:

7 224.72 (4n) SECURITY HELD BY THE DIVISION; RELEASE. (intro.) The division or its
8 agent shall hold security filed under ~~subs. (4) (a) 3. and (4m) (a) 2. s. 224.72 (4) (a)~~
9 3., 2007 stats., and s. 224.72 (4m) (a) 2., 2007 stats. The security shall remain in
10 effect, and the division may not release it, until all of the following conditions are met:

11 **SECTION 553.** 224.72 (4n) (a) 2. of the statutes is amended to read:

12 224.72 (4n) (a) 2. The date on which the mortgage banker's or mortgage
13 broker's ~~registration~~ license expires or is revoked.

14 **SECTION 554.** 224.72 (4r) of the statutes is repealed.

15 **SECTION 555.** 224.72 (5) (title) of the statutes is renumbered 224.72 (5m) (title)
16 and amended to read:

17 224.72 (5m) (title) ~~COMPLETION OF REGISTRATION~~ LICENSING PROCESS.

18 **SECTION 556.** 224.72 (5) (a) of the statutes is renumbered 224.725 (3) (intro.)
19 and amended to read:

20 224.725 (3) ~~LOAN ORIGINATOR~~ ISSUANCE OF LICENSE. (intro.) Except as provided
21 in sub. ~~(7m) (6)~~, upon ~~receiving a properly completed~~ the filing of an application for
22 ~~registration as a~~ mortgage loan originator and license and the payment of the fee
23 specified in rules promulgated under sub. (8) and ~~upon an applicant's compliance~~
24 ~~with sub. (3) (a) and, if required, sub. (3) (b)~~, the division may issue to the applicant

1 a ~~certificate of registration as a mortgage loan originator~~ license if the division finds
2 that all of the following apply:

3 **SECTION 557.** 224.72 (5) (b) of the statutes is renumbered 224.72 (5m) and
4 amended to read:

5 224.72 (5m) *Mortgage banker and mortgage broker.* Except as provided in sub.
6 (7m), upon receiving a properly completed the filing of an application for registration
7 as a mortgage banker or ~~a~~ mortgage broker, license and the payment of the fee
8 specified in rules promulgated under sub. (8) and satisfactory evidence of compliance
9 with subs. (4) and (4m), the division may shall make an investigation of the applicant
10 including, if the applicant is a partnership, limited liability company, association, or
11 corporation, the members or officers and directors, respectively, of the applicant. If
12 the division finds that the character, general fitness, and financial responsibility of
13 the applicant, including its members or officers and directors if the applicant is a
14 partnership, limited liability company, association, or corporation, warrant the
15 belief that the business will be operated in compliance with this subchapter, the
16 division shall issue to the applicant a certificate of registration as a mortgage banker
17 or mortgage broker license. A mortgage banker or mortgage broker license is not
18 assignable or transferable.

19 **SECTION 558.** 224.72 (7) (title) of the statutes is repealed and recreated to read:

20 224.72 (7) (title) LICENSE RENEWAL.

21 **SECTION 559.** 224.72 (7) (a) of the statutes is renumbered 224.72 (7) (am) and
22 amended to read:

23 224.72 (7) (am) A ~~loan originator~~, mortgage broker or mortgage banker shall
24 may apply to renew a certificate of registration license issued under this section by
25 timely submitting to, on forms and in the manner prescribed by the division, a

1 ~~completed renewal application and the all required renewal fee specified in rules~~
2 ~~promulgated under sub. (8) on or before the renewal date specified in rules~~
3 ~~promulgated under sub. (8) fees. The division may not renew a license issued under~~
4 ~~this section unless the division finds that the mortgage broker or mortgage banker~~
5 ~~continues to meet the minimum standards for license issuance under this section.~~

6 **SECTION 560.** 224.72 (7) (b) of the statutes is repealed.

7 **SECTION 561.** 224.72 (7) (bm) of the statutes is created to read:

8 224.72 (7) (bm) The license of a mortgage broker or mortgage banker who fails
9 to satisfy the minimum standards for license renewal shall expire. The division may,
10 by rule, provide for the reinstatement of expired licenses consistent with the
11 standards established by the nationwide mortgage licensing system and registry.

12 **SECTION 562.** 224.72 (7) (c), (d) and (e) of the statutes are repealed.

13 **SECTION 563.** 224.72 (7m) (intro.) of the statutes is amended to read:

14 224.72 (7m) DENIAL OF APPLICATION FOR ISSUANCE OR RENEWAL OF REGISTRATION
15 CERTAIN REASONS. (intro.) The division may not issue or renew a ~~certificate of~~
16 ~~registration~~ license under this section if any of the following applies:

17 **SECTION 564.** 224.72 (7m) (am) of the statutes is repealed.

18 **SECTION 565.** 224.72 (7m) (b) of the statutes is amended to read:

19 224.72 (7m) (b) The department of revenue has certified under s. 73.0301 that
20 the applicant is liable for delinquent taxes. An applicant whose application for
21 issuance or renewal of a ~~certificate of registration~~ license is denied under this
22 paragraph for delinquent taxes is entitled to a notice under s. 73.0301 (2) (b) 1. b. and
23 hearing under s. 73.0301 (5) (a) but is not entitled to any other notice or hearing
24 under this section.

25 **SECTION 566.** 224.72 (7m) (c) of the statutes is amended to read:

1 224.72 (7m) (c) The applicant for the issuance or renewal is an individual who
2 fails to comply, after appropriate notice, with a subpoena or warrant issued by the
3 department of children and families or a county child support agency under s. 59.53
4 (5) and related to paternity or child support proceedings or who is delinquent in
5 making court-ordered payments of child or family support, maintenance, birth
6 expenses, medical expenses or other expenses related to the support of a child or
7 former spouse, as provided in a memorandum of understanding entered into under
8 s. 49.857. An applicant whose registration license is not issued or renewed under this
9 paragraph for delinquent payments is entitled to a notice and hearing under s.
10 49.857 but is not entitled to any other notice or hearing under this section.

11 **SECTION 567.** 224.72 (7p) of the statutes is repealed.

12 **SECTION 568.** 224.72 (8) of the statutes is amended to read:

13 224.72 (8) REGISTRATION LICENSE PERIOD; FEES. The division shall promulgate
14 rules establishing the registration license period and the registration license fees for
15 loan originators, mortgage bankers and mortgage brokers.

16 **SECTION 569.** 224.725 of the statutes is created to read:

17 **224.725 Licensing of mortgage loan originators. (1) LICENSE REQUIRED.**
18 Except as provided in s. 224.726, an individual may not engage in the business of a
19 mortgage loan originator with respect to a residential mortgage loan, or use the title
20 "mortgage loan originator," advertise, or otherwise portray himself or herself as a
21 mortgage loan originator in this state, unless the individual has been issued by the
22 division, and thereafter maintains, a license under this section. Each licensed
23 mortgage loan originator shall register with, and maintain a valid unique identifier
24 issued by, the nationwide mortgage licensing system and registry.

1 (2) LICENSE APPLICATIONS. (a) Applicants for a mortgage loan originator license
2 shall apply to the division, on forms and in the manner prescribed by the division,
3 and shall pay the fee specified in rules promulgated under sub. (8). The division shall
4 require mortgage loan originators to be licensed and registered through the
5 nationwide mortgage licensing system and registry. Forms prescribed by the
6 division under this paragraph may contain any content or requirement that the
7 division, in its discretion, determines necessary and these forms may be modified or
8 updated as necessary by the division to carry out the purposes of this subchapter.

9 (b) 1. Except as provided in subd. 2., an application shall include the
10 individual's social security number. The division may not disclose the individual's
11 social security number to any person except as follows:

12 a. The division may disclose the social security number to the department of
13 revenue for the sole purpose of requesting certifications under s. 73.0301.

14 b. The division may disclose the social security number to the department of
15 children and families in accordance with a memorandum of understanding under s.
16 49.857.

17 2. If an individual does not have a social security number, the individual, as a
18 condition of applying for, or applying to renew, a license under this section, shall
19 submit a statement made or subscribed under oath or affirmation to the division that
20 the individual does not have a social security number. The form of the statement
21 shall be prescribed by the department of children and families. Any license issued
22 or renewed in reliance upon a false statement submitted by an applicant under this
23 subdivision is invalid.

1 (c) Any applicant for a license under this section shall furnish to the nationwide
2 mortgage licensing system and registry information concerning the applicant's
3 identity, including all of the following:

4 1. Fingerprints for submission to the federal bureau of investigation and to any
5 governmental agency or entity authorized to receive this information, for purposes
6 of a state, national, and international criminal history background check.

7 2. Personal history and experience in a form prescribed by the nationwide
8 mortgage licensing system and registry, including the submission of authorization
9 for the nationwide mortgage licensing system and registry and the division to obtain
10 all of the following:

11 a. An independent credit report from a consumer reporting agency, as defined
12 in s. 100.54 (1) (c).

13 b. Any information related to any administrative, civil, or criminal findings by
14 any governmental jurisdiction.

15 **(3)** (a) The applicant has never had a mortgage loan originator license revoked
16 in any governmental jurisdiction, unless the revocation was subsequently and
17 formally vacated.

18 (b) The applicant has not been convicted of, or pled guilty or no contest to, a
19 felony in a domestic, foreign, or military court during the 7-year period preceding the
20 date of the application or, for a felony involving an act of fraud, dishonesty, breach
21 of trust, or money laundering, at any time preceding the date of the application. This
22 paragraph does not apply with respect to any conviction for which the applicant has
23 received a pardon.

24 (c) The applicant has demonstrated financial responsibility, character, and
25 general fitness such as to command the confidence of the community and to warrant

1 a determination that the mortgage loan originator will operate honestly, fairly, and
2 efficiently within the purposes of this subchapter. For purposes of this paragraph,
3 an individual has shown that he or she is not financially responsible if he or she has
4 shown a disregard in the management of his or her own financial condition, including
5 having current outstanding judgments other than those resulting from medical
6 expenses, having current outstanding tax liens or other government liens and
7 filings, or having, within the past 3 years, foreclosures or any pattern of seriously
8 delinquent accounts.

9 (d) The applicant has satisfied the education requirements under s. 224.755 (1).

10 (e) The applicant has passed a written test that meets the requirements under
11 s. 224.755 (4).

12 (f) The applicant has met the surety bond requirement under sub. (4).

13 **(4) SURETY BOND.** (a) Each mortgage loan originator shall be covered by a surety
14 bond in accordance with this subsection. A surety bond of a mortgage banker or
15 mortgage broker meeting the requirements of par. (b) and s. 224.72 (4) (a) 2. may
16 satisfy the requirement under this paragraph for a mortgage loan originator who,
17 under sub. (2) (d), identifies himself or herself as employed by the mortgage banker
18 or mortgage broker.

19 (b) The penal sum of the surety bond shall provide coverage for each mortgage
20 loan originator in an amount that reflects the dollar amount of residential mortgage
21 loans originated by the mortgage loan originator, as determined by the division.

22 (c) The surety bond shall be in a form prescribed, and satisfy all requirements
23 established, by rule of the division.

24 (d) When an action is commenced on a mortgage loan originator's surety bond,
25 the division may require the filing of a new surety bond. If an action results in

1 recovery on a mortgage loan originator's surety bond, the mortgage loan originator
2 shall immediately file a new surety bond.

3 (5) LICENSE RENEWAL. (a) A mortgage loan originator may apply to renew a
4 license issued under this section by timely submitting, on forms and in the manner
5 prescribed by the division, a completed renewal application and all required renewal
6 fees. The division may not renew a license issued under this section unless the
7 division finds that all of the following apply:

8 1. The mortgage loan originator continues to meet the minimum standards for
9 license issuance under sub. (3).

10 2. The mortgage loan originator has satisfied the annual continuing education
11 requirements under s. 224.755 (2).

12 (b) The license of a mortgage loan originator who fails to satisfy the minimum
13 standards for license renewal shall expire. The division may, by rule, provide for the
14 reinstatement of expired licenses consistent with the standards established by the
15 nationwide mortgage licensing system and registry.

16 (6) DENIAL OF APPLICATION FOR CERTAIN REASONS. The division may not issue or
17 renew a license under this section if any of the following applies:

18 (a) The applicant for the issuance or renewal has failed to provide the
19 information required under sub. (2) (b).

20 (b) The department of revenue has certified under s. 73.0301 that the applicant
21 is liable for delinquent taxes. An applicant whose application for issuance or renewal
22 of a license is denied under this paragraph for delinquent taxes is entitled to a notice
23 under s. 73.0301 (2) (b) 1. b. and hearing under s. 73.0301 (5) (a) but is not entitled
24 to any other notice or hearing under this section.

1 (c) The applicant for the issuance or renewal has failed to comply, after
2 appropriate notice, with a subpoena or warrant issued by the department of children
3 and families or a county child support agency under s. 59.53 (5) and related to
4 paternity or child support proceedings or who is delinquent in making court-ordered
5 payments of child or family support, maintenance, birth expenses, medical expenses
6 or other expenses related to the support of a child or former spouse, as provided in
7 a memorandum of understanding entered into under s. 49.857. An applicant whose
8 license is not issued or renewed under this paragraph for delinquent payments is
9 entitled to a notice and hearing under s. 49.857 but is not entitled to any other notice
10 or hearing under this section.

11 (8) LICENSE PERIOD; FEES. The division shall promulgate rules establishing the
12 license period and the license fees for mortgage loan originators.

13 SECTION 570. 224.726 of the statutes is created to read:

14 **224.726 Persons exempt from mortgage loan originator provisions.**

15 The provisions of this subchapter relating to mortgage loan originators do not apply
16 to any of the following:

17 (1) Any individual who meets the definition of mortgage loan originator and
18 who is all of the following:

19 (a) An employee of, and acting for, a depository institution, a subsidiary owned
20 and controlled by a depository institution and regulated by a federal banking agency,
21 or an institution regulated by the farm credit administration.

22 (b) Registered with, and who maintains a unique identifier through, the
23 nationwide mortgage licensing system and registry.

24 (2) Any individual who offers or negotiates terms of a residential mortgage loan
25 with or on behalf of the individual's spouse, child, sibling, parent, grandparent, or

1 grandchild, including any stepparent, stepchild, stepsibling, or adoptive
2 relationship.

3 (3) Any person who offers or negotiates terms of a residential mortgage loan
4 secured by a dwelling that served as the individual's residence.

5 (4) A licensed attorney who negotiates the terms of a residential mortgage loan
6 on behalf of a client as an ancillary matter to the attorney's representation of the
7 client, unless the attorney is compensated by a lender, mortgage broker, or mortgage
8 loan originator or by any agent of a lender, mortgage broker, or mortgage loan
9 originator.

10 **SECTION 571.** 224.728 of the statutes is created to read:

11 **224.728 Nationwide mortgage licensing system and registry and**
12 **cooperative arrangements. (1) PARTICIPATION.** (a) The division shall participate
13 in the nationwide mortgage licensing system and registry. The division may
14 establish relationships or contracts with the nationwide mortgage licensing system
15 and registry or other entities designated by the nationwide mortgage licensing
16 system and registry to collect and maintain records and process transaction fees or
17 other fees related to licensees under this subchapter. With respect to any form, fee,
18 or other information related to the initial issuance or renewal of a mortgage loan
19 originator license under this subchapter, the division may require that any applicant
20 submit such form, fee, or other information directly to the nationwide mortgage
21 licensing system and registry and may authorize the nationwide mortgage licensing
22 system and registry to perform any function under this subchapter related to the
23 licensing of mortgage loan originators in this state.

24 (b) The division may provide to the nationwide mortgage licensing system and
25 registry any information relating to an applicant for initial issuance or renewal of a

1 mortgage loan originator license that the division and the nationwide mortgage
2 licensing system and registry determine to be relevant to the application or to any
3 mortgage loan originator responsibility administered or conducted through the
4 nationwide mortgage licensing system and registry.

5 (c) The division may rely on the nationwide mortgage licensing system and
6 registry to establish any dates relating to application or reporting deadlines for
7 mortgage loan originators, to establish requirements for amending or surrendering
8 mortgage loan originator licenses, or to establish any other requirements applicable
9 to mortgage loan originators licensed under this subchapter to the extent the
10 requirements are a condition of the state's participation in the nationwide mortgage
11 licensing system and registry.

12 (2) CHANNELING INFORMATION. To reduce the points of contact that the division
13 may have to maintain, and to facilitate compliance with the requirements under s.
14 224.725 (2) (c), the division may use the nationwide mortgage licensing system and
15 registry as a channeling agent for requesting and distributing information to and
16 from any source so directed by the division, including the federal bureau of
17 investigation, any state or federal department of justice, or any other governmental
18 agency.

19 (3) CHALLENGE PROCESS. The division shall establish a process whereby
20 mortgage loan originators may challenge information maintained by the nationwide
21 mortgage licensing system and registry on behalf of the division.

22 (4) CONFIDENTIAL INFORMATION. (a) If any information or material is considered
23 confidential or privileged under federal or state law before it is provided or disclosed
24 to the nationwide mortgage licensing system and registry, it shall continue to be
25 confidential or privileged after it is provided or disclosed to, and while maintained

1 by, the nationwide mortgage licensing system and registry, except to the extent
2 federal or state law expressly provides otherwise and except as provided in par. (c).
3 Confidential or privileged information or material under this paragraph is not
4 subject to any of the following:

5 1. Disclosure under any federal or state law governing the disclosure to the
6 public of information held by an officer or an agency of federal or state government.

7 2. Subpoena or discovery, or admission into evidence, in any private civil action
8 or administrative proceeding, unless the person to whom the information or material
9 pertains waives any right or protection of confidentiality or privilege in the
10 information or material.

11 (b) Confidential or privileged information or material under par. (a) may be
12 shared with any state or federal regulatory agency having supervisory authority
13 over mortgage lending without losing any right or protection of confidentiality or
14 privilege under federal or state law.

15 (c) This subsection does not prohibit the nationwide mortgage licensing system
16 and registry from providing public access to information or material relating to the
17 employment history of, and publicly adjudicated disciplinary and enforcement
18 actions against, mortgage loan originators.

19 (5) COOPERATIVE ARRANGEMENTS. The division may enter into cooperative,
20 coordinating, or information-sharing arrangements or agreements with other
21 governmental agencies or with associations representing other governmental
22 agencies, including the Conference of State Bank Supervisors and the American
23 Association of Residential Mortgage Regulators.

24 **SECTION 572.** 224.73 (title) of the statutes is amended to read:

1 **224.73** (title) **Relationship between mortgage loan originator and**
2 **either a mortgage banker or a mortgage broker.**

3 **SECTION 573.** 224.73 (1) of the statutes is amended to read:

4 224.73 (1) RESPONSIBILITY FOR MORTGAGE LOAN ORIGINATOR. ~~A mortgage banker~~
5 ~~or a mortgage broker is responsible for, and shall supervise the acts of, a loan~~
6 ~~originator who registers under s. 224.72 (3) as an employee of the mortgage banker~~
7 ~~or mortgage broker.~~ A mortgage banker or mortgage broker is also responsible for,
8 and shall supervise the acts of, a mortgage loan originator or any other person who
9 otherwise acts on behalf of the mortgage banker or the mortgage broker.

10 **SECTION 574.** 224.73 (2) (title) of the statutes is amended to read:

11 224.73 (2) (title) RESTRICTION ON MORTGAGE LOAN ORIGINATOR.

12 **SECTION 575.** 224.73 (2) of the statutes is renumbered 224.73 (2) (a) and
13 amended to read:

14 224.73 (2) (a) If the division suspends or revokes a mortgage banker's or ~~a~~
15 ~~mortgage broker's certificate of registration~~ license, a mortgage loan originator may
16 not act on behalf of that mortgage banker or mortgage broker during the period of
17 suspension or revocation.

18 **SECTION 576.** 224.73 (2) (b) of the statutes is created to read:

19 224.73 (2) (b) A mortgage loan originator may act on behalf of only the
20 mortgage banker or mortgage broker with which that mortgage loan originator's
21 license is associated in the records of the division, as designated under s. 224.725 (2)
22 (d). A mortgage loan originator's license may only be associated with one mortgage
23 banker or mortgage broker at a time.

24 **SECTION 577.** 224.73 (3) (title) of the statutes is amended to read:

25 224.73 (3) (title) TRANSFER BY MORTGAGE LOAN ORIGINATOR.

1 **SECTION 578.** 224.73 (3) of the statutes is renumbered 224.73 (3) (a) and
2 amended to read:

3 224.73 (3) (a) A registered licensed mortgage loan originator may at any time
4 apply, on forms and in the manner prescribed and ~~provided~~ by the division, to
5 transfer employment association to another registered licensed mortgage banker or
6 mortgage broker. The division shall promulgate rules establishing a fee for a
7 transfer application under this subsection.

8 **SECTION 579.** 224.73 (3) (b) of the statutes is created to read:

9 224.73 (3) (b) A mortgage loan originator may not act on behalf of a mortgage
10 banker or mortgage broker until the mortgage loan originator's license association
11 has been transferred to that mortgage banker or mortgage broker in the records of
12 the division.

13 **SECTION 580.** 224.73 (4) (title) of the statutes is amended to read:

14 224.73 (4) (title) ~~SIGNATURE BY~~ MORTGAGE LOAN ORIGINATOR SIGNATURES AND
15 UNIQUE IDENTIFIERS.

16 **SECTION 581.** 224.73 (4) of the statutes is renumbered 224.73 (4) (a) and
17 amended to read:

18 224.73 (4) (a) Every residential mortgage loan application shall be signed by
19 a registered licensed mortgage loan originator or by a mortgage loan originator
20 exempt from licensing under s. 224.726 (1).

21 **SECTION 582.** 224.73 (4) (b) of the statutes is created to read:

22 224.73 (4) (b) Any person originating a residential mortgage loan shall clearly
23 place the person's unique identifier on all residential mortgage loan application
24 forms, solicitations, and advertisements, including business cards or Web sites, and
25 on all other documents specified by rule of the division.

1 **SECTION 583.** 224.74 (title) of the statutes is amended to read:

2 **224.74 (title) Division's review of the operations of a mortgage loan**
3 **originator, mortgage broker, or mortgage banker.**

4 **SECTION 584.** 224.74 (1) of the statutes is amended to read:

5 224.74 (1) ANNUAL CALL REPORTS; AUDITS. (a) *Annual call report.* ~~Except as~~
6 ~~provided in par. (b), each~~ Each year, ~~on a by the~~ date specified by the division and in
7 ~~a the~~ form required by the division, ~~a nationwide mortgage licensing system and~~
8 ~~registry, each~~ mortgage banker ~~or, mortgage broker, and mortgage loan originator~~
9 ~~licensed under this subchapter~~ shall submit to the division nationwide mortgage
10 licensing system and registry an annual report relating to the mortgage banker's or
11 mortgage broker's operations during its most recently completed fiscal year of
12 condition, which shall contain such information as the nationwide mortgage
13 licensing system and registry may require.

14 (b) *Audit requirement.* Each year, no later than 6 months following the end of
15 its most recently completed fiscal year, ~~a each~~ mortgage banker or mortgage broker
16 ~~that qualified for registration under s. 224.72 (4) (a) 4. or (d) or (4m) (a) 3. or (b),~~ shall
17 submit a copy of an audit of the mortgage banker's or mortgage broker's operations
18 during that fiscal year. An audit under this paragraph shall be conducted by an
19 independent certified public accountant in accordance with generally accepted
20 auditing standards. The financial statements in the audit report shall be prepared
21 in accordance with generally accepted accounting principles.

22 (c) *Audits requested by the division.* The division may request that a mortgage
23 banker or mortgage broker obtain an audit of the mortgage banker's or mortgage
24 broker's operations if the division has reason to believe that the mortgage banker or
25 mortgage broker may not have sufficient financial resources to meet its obligations

1 to its clients or investors or to other persons directly affected by the activities
2 conducted by the mortgage banker or mortgage broker under the certificate of
3 registration granted license issued by the division. If the division requests an audit
4 under this paragraph, the mortgage banker or mortgage broker shall have the audit
5 completed no later than 90 days after the date of the division's request. The mortgage
6 banker or mortgage broker shall submit the audit report to the division no later than
7 5 days after the date on which the audit is completed. An audit under this paragraph
8 shall be conducted by an independent certified public accountant in accordance with
9 generally accepted auditing standards. The financial statements in the audit report
10 shall be prepared in accordance with generally accepted accounting principles.

11 **SECTION 585.** 224.74 (2) (title) of the statutes is amended to read:

12 224.74 (2) (title) EXAMINATION AND INVESTIGATION.

13 **SECTION 586.** 224.74 (2) (a) (title) of the statutes is repealed.

14 **SECTION 587.** 224.74 (2) (a) of the statutes is renumbered 224.74 (2) (ag) (intro.)
15 and amended to read:

16 224.74 (2) (ag) (intro.) The division may at any time, on its own motion or upon
17 complaint, examine the conduct inquiries, investigations, and examinations of
18 licensees under this subchapter, or of persons required to be licensed under or
19 otherwise subject to the provisions of this subchapter, including doing any of the
20 following:

21 1. Examining, accessing, receiving, or using any books of account, accounts,
22 records, files, documents, or other information relating to the condition and or affairs
23 of a mortgage banker, mortgage loan originator, or mortgage broker registered under
24 this subchapter. The division shall prepare a report of each examination conducted

1 under this section. As part of the examination or preparation of the report, the
2 division may examine.

3 2. Interviewing or examining under oath any mortgage banker, mortgage loan
4 originator, or mortgage broker, any of the members, officers, directors, agents,
5 employees, contractors, or customers of the mortgage banker, mortgage loan
6 originator, or mortgage broker. The division may require a mortgage banker, loan
7 originator or mortgage broker who is examined under this paragraph to pay to the
8 division a reasonable fee for the costs of conducting the examination., or any other
9 person whose testimony the division deems to be relevant. The division may direct,
10 subpoena, or order the attendance of a person to provide testimony under this
11 subdivision and may direct, subpoena, or order the person to produce books,
12 accounts, records, files, and any other document the division deems relevant to the
13 inquiry, investigation, or examination.

14 SECTION 588. 224.74 (2) (ag) 3. and 4. of the statutes are created to read:

15 224.74 (2) (ag) 3. Direct or order any licensee under this subchapter to make
16 or compile reports or other information, in a format directed by the division, that the
17 division considers necessary to carry out any investigation or examination under this
18 subchapter, including any accounting compilation or other loan transaction data,
19 list, or information.

20 4. Examine, access, receive, and use any other records, documents, or other
21 information that the division deems relevant to the inquiry, investigation, or
22 examination, regardless of the location, possession, control, or custody of the records,
23 documents, or information, including any of the following:

24 a. Criminal, civil, and administrative history information, including conviction
25 information and nonconviction information to the extent permitted by law.

1 b. Personal history and experience information, including credit reports
2 obtained from a consumer reporting agency, as defined in s. 100.54 (1) (c).

3 **SECTION 589.** 224.74 (2) (ar) of the statutes is created to read:

4 224.74 (2) (ar) In making any investigation or examination authorized under
5 this subchapter, the division may control access to any documents and records of the
6 licensee or of any other person under investigation or examination. The division may
7 take possession of the documents and records or place a person in exclusive charge
8 of the documents and records in the place where they are usually kept. During the
9 period of control, no person may remove or attempt to remove any of the documents
10 and records except with the consent of the division or by court order. Unless the
11 division has reasonable grounds to believe the documents and records have been or
12 are at risk of being altered or destroyed for purposes of concealing a violation of this
13 subchapter, the licensee or owner or custodian of the documents and records shall
14 have access to the documents and records as necessary to conduct its ordinary
15 business affairs.

16 **SECTION 590.** 224.74 (2) (b) of the statutes is amended to read:

17 224.74 (2) (b) ~~Confidentiality. Examination~~ The division shall prepare a report
18 for each investigation or examination conducted under this subsection. These
19 reports, and correspondence regarding the these reports, are confidential, except
20 that the division may release ~~examination~~ these reports and correspondence in
21 connection with a disciplinary proceeding conducted by the division, a liquidation
22 proceeding, or a criminal investigation or proceeding. In addition, any information
23 from these reports or correspondence may be provided to the nationwide mortgage
24 licensing system and registry and is not confidential to the extent specified in s.
25 224.728 (4) (b) and (c).

1 **SECTION 591.** 224.74 (2) (c) of the statutes is created to read:

2 224.74 (2) (c) The division may require a mortgage banker, mortgage loan
3 originator, or mortgage broker who is investigated or examined under this subsection
4 to pay to the division a reasonable fee for the costs of conducting the investigation
5 or examination. A mortgage banker, mortgage loan originator, or mortgage broker
6 shall pay these costs to the division within 30 days after the division demands
7 payment of these costs.

8 **SECTION 592.** 224.74 (3) of the statutes is created to read:

9 224.74 (3) **ADDITIONAL DIVISION AUTHORITY.** To carry out the purposes of this
10 section, the division may do any of the following:

11 (a) Retain attorneys, accountants, and other professionals and specialists as
12 examiners, auditors, or investigators to conduct or assist in the conduct of
13 investigations or examinations.

14 (b) Enter into agreements or relationships with other government officials or
15 regulatory associations to improve efficiencies and reduce regulatory burden by
16 sharing resources, standardized or uniform methods or procedures, and documents,
17 records, or information obtained under this section.

18 (c) Use, hire, contract, or employ public or privately available analytical
19 systems, methods, or software to examine or investigate any licensee or other person
20 subject to investigation or examination.

21 (d) Accept and rely on investigation or examination reports made by other
22 government officials, in this state or elsewhere.

23 (e) Accept audit reports made by an independent certified public accountant for
24 the licensee or another person relevant to the investigation or examination and
25 incorporate any such audit report into any report of the division.

1 **SECTION 593.** 224.75 (title) of the statutes is amended to read:

2 **224.75 (title) Record-keeping requirements for mortgage bankers and**
3 **~~mortgage brokers~~ licensees.**

4 **SECTION 594.** 224.75 (1) (a) of the statutes is amended to read:

5 224.75 (1) (a) *Fee record system.* A mortgage banker or mortgage broker shall
6 establish and maintain a record system which shows all fees which a mortgage
7 banker or mortgage broker charged a residential mortgage loan applicant or a
8 mortgagor in connection with a residential mortgage loan. The record shall show the
9 application or disposition of those fees.

10 **SECTION 595.** 224.75 (1) (b) (intro.) of the statutes is amended to read:

11 224.75 (1) (b) *Loan application record system.* (intro.) A mortgage banker or
12 mortgage broker shall establish and maintain a record system containing all of the
13 following information for each residential mortgage loan application:

14 **SECTION 596.** 224.75 (1) (b) 6. and 7. of the statutes are created to read:

15 224.75 (1) (b) 6. The name of the mortgage loan originator.

16 7. The loan amount.

17 **SECTION 597.** 224.75 (1) (c) (intro.) of the statutes is amended to read:

18 224.75 (1) (c) *Loan application documents.* (intro.) A mortgage banker or
19 mortgage broker shall maintain for each residential mortgage loan application all of
20 the following documents, if used by the mortgage banker or mortgage broker in
21 connection with the residential mortgage loan application file:

22 **SECTION 598.** 224.75 (1) (d) of the statutes is renumbered 224.75 (1) (d) (intro.)
23 and amended to read:

1 224.75 (1) (d) *Loan servicing records and documents.* (intro.) A mortgage
2 banker shall maintain for each residential mortgage loan serviced by the mortgage
3 banker a copy of or a record of all of the following:

4 1. All correspondence relating to the loan.

5 **SECTION 599.** 224.75 (1) (d) 2., 3., 4. and 5. of the statutes are created to read:

6 224.75 (1) (d) 2. All payments received from the borrower.

7 3. All charges assessed to the borrower's account.

8 4. All payments made by the mortgage banker on behalf of the borrower.

9 5. The unpaid balance on the borrower's account.

10 **SECTION 600.** 224.75 (2) of the statutes is amended to read:

11 224.75 (2) PERIOD OF RECORD RETENTION. A mortgage banker or mortgage broker
12 shall keep for at least ~~25~~ 36 months, in an office of the mortgage banker or mortgage
13 broker licensed under this subchapter, all books and records that, in the opinion of
14 the division, will enable the division to determine whether the mortgage banker or
15 mortgage broker is in compliance with the provisions of this subchapter. These books
16 and records include copies of all deposit receipts, canceled checks, trust account
17 records, the records which a mortgage banker or mortgage broker maintains under
18 sub. (1) (c) or (d), and other relevant documents or correspondence received or
19 prepared by the mortgage banker or mortgage broker in connection with a
20 residential mortgage loan or residential mortgage loan application. The retention
21 period begins on the date the residential mortgage loan is closed or, if the loan is not
22 closed, the date of loan application. If the residential mortgage loan is serviced by
23 a mortgage banker, the retention period commences on the date that the loan is paid
24 in full. ~~The mortgage banker or mortgage broker shall make the records available~~
25 ~~for inspection and copying by the division. If the records are not kept within this~~

1 ~~state, the mortgage banker or mortgage broker shall, upon request of the division,~~
2 ~~promptly send exact and complete copies of requested records to the division.~~

3 **SECTION 601.** 224.75 (3) of the statutes is amended to read:

4 224.75 (3) CONTENTS OF CREDIT AND APPRAISAL REPORTS. (a) *Credit report.* If a
5 mortgage banker or mortgage broker charges a residential mortgage loan applicant
6 a separate fee for a credit report, the credit report shall consist, at a minimum, of a
7 written statement indicating the name of the credit reporting agency which
8 investigated the credit history of the applicant.

9 (b) *Appraisal report.* If a mortgage banker or mortgage broker charges a
10 residential mortgage loan applicant a separate fee for an appraisal report, the
11 appraisal report shall consist, at a minimum, of a written statement indicating the
12 appraiser's opinion of the value of the property appraised for residential mortgage
13 loan purposes, the basis for that opinion and the name of the person who conducted
14 the appraisal. If requested by a residential mortgage loan applicant, a mortgage
15 banker or mortgage broker shall provide the loan applicant with a copy of any written
16 appraisal report held by the mortgage banker or mortgage broker, if the loan
17 applicant paid a fee for the report.

18 **SECTION 602.** 224.75 (4) of the statutes is amended to read:

19 224.75 (4) RESPONSIBILITY FOR FORMS. A mortgage banker or mortgage broker
20 is responsible for the preparation and correctness of all entries on forms, documents
21 and records which are under the mortgage banker's or mortgage broker's control and
22 which are not dependent on information provided by the residential mortgage loan
23 applicant or a 3rd party.

24 **SECTION 603.** 224.75 (6) of the statutes is created to read:

1 224.75 (6) FURNISHING BOOKS AND RECORDS. Upon request by the division, any
2 licensee under this subchapter, and any other person whom the division has
3 authority to investigate and examine under s. 224.74 (2), shall make any books and
4 records requested by the division available for inspection and copying by the division.
5 If any records are kept at a licensed office not located within this state, the mortgage
6 banker or mortgage broker shall, upon request of the division, promptly deliver such
7 documents to any location within this state specified by the division.

8 **SECTION 604.** 224.755 (title) of the statutes is repealed and recreated to read:

9 **224.755 (title) Education and testing requirements for mortgage loan**
10 **originators.**

11 **SECTION 605.** 224.755 of the statutes is renumbered 224.755 (5) and amended
12 to read:

13 224.755 (5) COMPLIANCE RECORDS. A mortgage loan originator shall keep
14 records documenting compliance with s. ~~224.72 (7) (d)~~ this section for at least 4 years.
15 ~~The technical college system board and any professional trade association or other~~
16 ~~person that administers examinations or provides education under s. 224.72 (7) (d)~~
17 ~~shall maintain records documenting attendance and examination performance for~~
18 ~~at least 4 years.~~

19 **SECTION 606.** 224.755 (1), (2), (3) and (4) of the statutes are created to read:

20 **224.755 (1) EDUCATION REQUIREMENTS APPLICABLE PRIOR TO LICENSE ISSUANCE.**
21 Subject to sub. (3) (a) and (c), an applicant for a license under s. 224.725 (1), prior to
22 the division's issuance of the license, shall complete at least 20 hours of education,
23 including a minimum of all of the following:

24 (a) Three hours of federal law and regulations.

1 (b) Three hours of ethics, including instruction on fraud, consumer protection,
2 and fair lending issues.

3 (c) Two hours of training related to lending standards for the nontraditional
4 mortgage product marketplace.

5 **(2) CONTINUING EDUCATION REQUIREMENTS.** Subject to subs. (3) (a), (c), (d), and
6 (f), an applicant for renewal of a license under s. 224.725 (5), prior to the division's
7 renewal of the license, shall annually complete at least 8 hours of education,
8 including a minimum of all of the following:

9 (a) Three hours of federal law and regulations.

10 (b) Two hours of ethics, including instruction on fraud, consumer protection,
11 and fair lending issues.

12 (c) Two hours of training related to lending standards for the nontraditional
13 mortgage product marketplace.

14 **(3) EDUCATION APPROVAL.** (a) No education course may count toward the
15 requirement under sub. (1) or (2) unless the course has been reviewed and approved
16 by the nationwide mortgage licensing system and registry based upon reasonable
17 standards, including review and approval of the course provider.

18 (b) An education course meeting the standard under par. (a) may count toward
19 the requirements under subs. (1) and (2) even if the course is any of the following:

20 1. Provided by the applicant's or licensee's employer, by an entity affiliated with
21 the applicant or licensee by an agency contract, or by any subsidiary or affiliate of
22 such an employer or affiliated entity.

23 2. Offered through the Internet or another online or electronic medium.

24 3. Taken in another state.

1 (c) Subject to any rule promulgated under s. 224.72 (7) (bm) or 224.725 (5) (b),
2 if an individual was previously registered as a loan originator under s. 224.72, 2007
3 stats., or previously licensed as a mortgage loan originator under s. 224.725, the
4 division may not issue or renew a mortgage loan originator license for the individual
5 under s. 224.725 unless the individual satisfies the requirements under sub. (1) or
6 (2) or demonstrates to the division's satisfaction that the individual has completed
7 all education requirements applicable to the individual in the last year in which the
8 individual's license or registration was valid.

9 (d) Except as provided in any rule promulgated under s. 224.72 (7) (bm), a
10 licensed mortgage loan originator may receive credit for a continuing education
11 course only in the year in which the course is taken and may not take the same
12 approved course in the same or successive years to meet the requirements under sub.
13 (2).

14 (e) A licensed mortgage loan originator who is an approved instructor of an
15 approved continuing education course may receive credit for the licensed mortgage
16 loan originator's own annual continuing education requirement at the rate of 2 hours
17 of credit for every one hour taught.

18 (f) The division may, by rule, allow an applicant for renewal of a license under
19 s. 224.725 (5) to make up any deficiency in meeting the requirements specified in sub.
20 (2).

21 (4) TESTING REQUIREMENTS. (a) An applicant for a license under s. 224.725 (1),
22 prior to the division's issuance of the license, shall pass a written test meeting the
23 standards under par. (b). An individual shall answer at least 75 percent of the test
24 questions correctly to achieve a passing test score.

1 (b) 1. No test may satisfy the requirement under par. (a) unless the test is
2 developed by the nationwide mortgage licensing system and registry and
3 administered by a test provider approved by the nationwide mortgage licensing
4 system and registry based upon reasonable standards.

5 2. A test does not meet the standard under subd. 1. unless the test adequately
6 measures the applicant's knowledge and comprehension in appropriate subject
7 areas, including all of the following:

8 a. Ethics.

9 b. Federal and state law, regulations, and rules pertaining to mortgage
10 origination.

11 c. Federal and state law, regulations, and rules relating to residential mortgage
12 transactions, including instruction on fraud, consumer protection, the
13 nontraditional mortgage product marketplace, and fair lending issues.

14 (c) A written test meeting the standards under par. (b) may satisfy the
15 requirement under par. (a) even if the test is provided at the location of the
16 applicant's employer, any subsidiary or affiliate of the applicant's employer, or any
17 entity with which the applicant holds an exclusive arrangement to conduct the
18 business of a mortgage loan originator.

19 (d) An individual may retake a test 3 consecutive times, with each test retaken
20 no less than 30 days after the preceding test. If the individual fails 3 consecutive
21 tests, the individual may not retake a test again for at least 6 months.

22 (e) If an individual previously licensed as a mortgage loan originator fails to
23 maintain a valid license for a period of 5 years or longer, the individual shall retake
24 the test under par. (a). For purposes of determining the 5-year period, the division

1 shall not consider any period during which the individual is exempt from licensing
2 under s. 224.726 (1).

3 **SECTION 607.** 224.76 of the statutes is amended to read:

4 **224.76 Mortgage banker, mortgage loan originator, and mortgage**
5 **broker trust accounts.** A mortgage banker, mortgage loan originator, or mortgage
6 broker shall deposit in one or more trust accounts all funds other than nonrefundable
7 fees which it receives on behalf of any person, pending disbursement of the funds in
8 accordance with instructions from the person on whose behalf the funds are
9 deposited. A mortgage banker or mortgage broker shall maintain trust accounts in
10 a ~~bank, savings bank, savings and loan association or credit union which is~~
11 ~~authorized to do business in this state or whose accounts are insured by the Federal~~
12 ~~Deposit Insurance Corporation or the National Credit Union Administration~~
13 depository institution. The mortgage banker or mortgage broker shall notify the
14 division of the location of its trust accounts.

15 **SECTION 608.** 224.77 (title) of the statutes is amended to read:

16 **224.77 (title) Discipline Prohibited acts and practices, and discipline,**
17 **of mortgage bankers, mortgage loan originators, and mortgage brokers.**

18 **SECTION 609.** 224.77 (1) (intro.) of the statutes is amended to read:

19 **224.77 (1) PROHIBITED CONDUCT ACTS AND PRACTICES.** (intro.) ~~The division may~~
20 ~~deny an application submitted to it under s. 224.72, or may revoke, suspend or limit~~
21 ~~the certificate of registration of a mortgage banker, loan originator or mortgage~~
22 ~~broker, or may reprimand a mortgage banker, loan originator or mortgage broker, if~~
23 ~~it finds that the No mortgage banker, mortgage loan originator, or mortgage broker~~
24 ~~did, and no member, officer, director, principal, partner, trustee, or other agent of a~~
25 mortgage banker or mortgage broker, may do any of the following:

1 **SECTION 610.** 224.77 (1) (a) of the statutes is amended to read:

2 224.77 (1) (a) ~~Made~~ Make a material misstatement, or knowingly omit a
3 material fact, in an a license application for registration, or in other information or
4 reports furnished to the division, to the nationwide mortgage licensing system and
5 registry, or to any other governmental agency, including failing to disclose a criminal
6 conviction or any disciplinary action taken by a state or federal regulatory agency.

7 **SECTION 611.** 224.77 (1) (b) of the statutes is repealed and recreated to read:

8 224.77 (1) (b) Make, in any manner, any materially false or deceptive
9 statement or representation, including engaging in bait and switch advertising or
10 falsely representing residential mortgage loan rates, points, or other financing terms
11 or conditions.

12 **SECTION 612.** 224.77 (1) (c) and (d) of the statutes are amended to read:

13 224.77 (1) (c) ~~Made~~ Make a false, deceptive, or misleading promise relating to
14 the services being offered or that influences, persuades, or induces a client to act to
15 his or her injury or damage detriment.

16 (d) ~~Pursued~~ Pursue a continued and flagrant course of misrepresentation, or
17 ~~made~~ make false promises, whether directly or through agents or advertising.

18 **SECTION 613.** 224.77 (1) (e) and (f) of the statutes are amended to read:

19 224.77 (1) (e) ~~Acted~~ Act for more than one party in a transaction without the
20 knowledge and consent of all parties on whose behalf the mortgage banker, mortgage
21 loan originator, or mortgage broker is acting.

22 (f) ~~Accepted~~ Accept a commission, money, or other thing of value for performing
23 an act as a mortgage loan originator unless the payment is from a mortgage banker
24 or mortgage broker ~~who is registered under s. 224.72 (3) as employing the loan~~

1 originator with whom the mortgage loan originator's license is associated, as
2 identified in the records of the division at the time the act is performed.

3 **SECTION 614.** 224.77 (1) (fg) of the statutes is created to read:

4 224.77 (1) (fg) As a mortgage banker or mortgage broker, pay a commission,
5 money, or other thing of value to any person for performing an act as a mortgage loan
6 originator unless the mortgage loan originator's license is associated with the
7 mortgage banker or mortgage broker in the records of the division at the time the act
8 is performed.

9 **SECTION 615.** 224.77 (1) (g) of the statutes is amended to read:

10 224.77 (1) (g) As a mortgage loan originator, ~~represented or attempted~~
11 ~~represent or attempt~~ to represent a mortgage banker or mortgage broker other than
12 the mortgage banker ~~who is registered under s. 224.72 (3) as employing the loan~~
13 ~~originator or mortgage broker with whom the mortgage loan originator's license was~~
14 associated, as identified in the records of the division at the time the representation
15 or attempted representation occurs.

16 **SECTION 616.** 224.77 (1) (gd), (gh) and (gp) of the statutes are created to read:

17 224.77 (1) (gd) As a mortgage banker or mortgage broker, permit a person who
18 is not licensed under this subchapter to act as a mortgage loan originator on behalf
19 of the mortgage banker or mortgage broker.

20 (gh) As a mortgage banker or mortgage broker, permit a person whose
21 mortgage loan originator license is not associated in the records of the division with
22 the mortgage banker or mortgage broker to act as a mortgage loan originator on
23 behalf of the mortgage banker or mortgage broker.

24 (gp) As a mortgage banker or mortgage broker, conduct business at or from a
25 principal office or branch office that is not licensed under this subchapter.

1 **SECTION 617.** 224.77 (1) (h) to (L) of the statutes are amended to read:

2 224.77 (1) (h) ~~Failed~~ Fail, within a reasonable time, to account for or remit any
3 moneys coming into the mortgage banker's, mortgage loan originator's, or mortgage
4 broker's possession ~~which~~ that belong to another person.

5 (i) ~~Demonstrated~~ Demonstrate a lack of competency to act as a mortgage
6 banker, mortgage loan originator, or mortgage broker in a way ~~which~~ that safeguards
7 the interests of the public.

8 (j) ~~Paid or offered~~ Pay or offer to pay a commission, money, or other thing of
9 value to any person for acts or services in violation of this subchapter.

10 (k) ~~Violated~~ Violate any provision of this subchapter, ch. 138, or any federal or
11 state statute, rule, or regulation ~~which~~ that relates to practice as a mortgage banker,
12 mortgage loan originator, or mortgage broker.

13 (L) ~~Engaged~~ Engage in conduct ~~which~~ that violates a standard of professional
14 behavior which, through professional experience, has become established for
15 mortgage bankers, mortgage loan originators, or mortgage brokers.

16 **SECTION 618.** 224.77 (1) (m) of the statutes is amended to read:

17 224.77 (1) (m) ~~Engaged~~ Engage in conduct, whether of the same or a different
18 character than specified elsewhere in this section, ~~which~~ that constitutes improper,
19 fraudulent, or dishonest dealing.

20 **SECTION 619.** 224.77 (1) (o) of the statutes is amended to read:

21 224.77 (1) (o) In the course of practice as a mortgage banker, mortgage loan
22 originator, or mortgage broker, except in relation to housing designed to meet the
23 needs of elderly individuals, ~~treated~~ treat a person unequally solely because of sex,
24 race, color, handicap, sexual orientation, as defined in s. 111.32 (13m), religion,

1 national origin, age, or ancestry, the person's lawful source of income, or the sex or
2 marital status of the person maintaining a household.

3 **SECTION 620.** 224.77 (1) (p) of the statutes is amended to read:

4 224.77 (1) (p) ~~Intentionally encouraged or discouraged~~ encourage or discourage
5 any person from purchasing or renting real estate on the basis of race.

6 **SECTION 621.** 224.77 (1) (q) of the statutes is amended to read:

7 224.77 (1) (q) Because of the age or location of the property or the race of the
8 residential mortgage loan applicant, rather than because of the credit worthiness of
9 the applicant and the condition of the property securing the loan:

10 1. ~~Refused~~ Refuse to negotiate, to offer, or to attempt to negotiate a ~~land~~
11 ~~contract,~~ residential mortgage loan or commitment for a residential mortgage loan,
12 or ~~refused~~ refuse to find a residential mortgage loan.

13 2. ~~Found a~~ Find a residential mortgage loan or ~~negotiated a~~ negotiate a
14 residential mortgage loan on terms less favorable than are usually offered.

15 **SECTION 622.** 224.77 (1) (r) of the statutes is repealed.

16 **SECTION 623.** 224.77 (1) (s), (t), (tm), (u), (um), (v), (w), (x) and (y) of the statutes
17 are created to read:

18 224.77 (1) (s) Violate, or fail to comply with, any lawful order of the division.

19 (t) Impede an investigation or examination of the division or deny the division
20 access to any books, records, or other information which the division is authorized
21 to obtain under s. 224.74 (2), 224.75 (6), or any other provision of this subchapter.

22 (tm) Make a material misstatement, or knowingly omit a material fact, or
23 knowingly mutilate, destroy, or secrete any books, records, or other information
24 requested by the division, in connection with any investigation or examination
25 conducted by the division or another governmental agency.

1 (u) Solicit or enter into a contract with a borrower that provides in substance
2 that the mortgage banker, mortgage broker, or mortgage loan originator may earn
3 a fee or commission through "best efforts" to obtain a residential mortgage loan even
4 though no residential mortgage loan is actually obtained for the borrower.

5 (um) Solicit, advertise, or enter into a contract for specific interest rates, points,
6 or other financing terms unless the terms are actually available at the time of
7 soliciting, advertising, or contracting.

8 (v) Assist, aid, or abet any person in unlawfully conducting business under this
9 subchapter without a valid license.

10 (w) Fail to make disclosures required under this subchapter or required under
11 any other applicable state or federal law, rule, or regulation.

12 (x) Withhold any payment or make any payment, threat, or promise, directly
13 or indirectly, to any person for the purpose of influencing the independent judgment
14 of the person in connection with a residential mortgage loan, or withhold any
15 payment or make any payment, threat, or promise, directly or indirectly, to any
16 appraiser of a property for the purpose of influencing the independent judgment of
17 the appraiser with respect to the value of the property.

18 (y) Cause or require a borrower to obtain property insurance coverage in an
19 amount exceeding the replacement cost of improvements on the property, as
20 determined by the property insurer.

21 **SECTION 624.** 224.77 (1m) (a) of the statutes is amended to read:

22 224.77 (1m) (a) The division may assess against ~~a person who is registered~~
23 ~~under this chapter~~ any person who violates this subchapter a forfeiture of not more
24 than \$2,000 \$25,000 for each violation enumerated under sub. (1) (a) to (o) or (r) and
25 may further order restitution to any person suffering loss as a result of the violation.

1 **SECTION 625.** 224.77 (1m) (b) of the statutes is amended to read:

2 224.77 (1m) (b) A person may contest an assessment of forfeiture, or a
3 restitution order, under par. (a) by sending, within 10 days after receipt of notice of
4 the assessment or order under par. (a), a written request for hearing under s. 227.44
5 to the division of hearings and appeals created under s. 15.103 (1). The
6 administrator of the division of hearings and appeals may designate a hearing
7 examiner to preside over the case and recommend a decision to the administrator
8 under s. 227.46. The decision of the administrator of the division of hearings and
9 appeals shall be the final administrative decision. The division of hearings and
10 appeals shall commence the hearing within 30 days after receipt of the request for
11 hearing and shall issue a final decision within 15 days after the close of the hearing.
12 Proceedings before the division of hearings and appeals are governed by ch. 227. In
13 any petition for judicial review of a decision by the division of hearings and appeals,
14 the party, other than the petitioner, who was in the proceeding before the division of
15 hearings and appeals shall be the named respondent.

16 **SECTION 626.** 224.77 (1m) (c) of the statutes is renumbered 224.77 (1m) (c) 1.

17 **SECTION 627.** 224.77 (1m) (c) 2. of the statutes is created to read:

18 224.77 (1m) (c) 2. All amounts ordered as restitution shall be paid to the person
19 suffering loss within 10 days after receipt of notice of the order or, if the restitution
20 order is contested under par. (b), within 10 days after receipt of the final decision
21 after exhaustion of administrative review.

22 **SECTION 628.** 224.77 (1m) (d) of the statutes is amended to read:

23 224.77 (1m) (d) The attorney general may bring an action in the name of the
24 state to collect any forfeiture imposed, or amount ordered as restitution, under this
25 subsection if the forfeiture or restitution amount has not been paid following the

1 exhaustion of all administrative and judicial reviews. The only issue to be contested
2 in any such action shall be whether the forfeiture or restitution amount has been
3 paid.

4 **SECTION 629.** 224.77 (2) (title) of the statutes is repealed.

5 **SECTION 630.** 224.77 (2) of the statutes is renumbered 224.77 (2m) (a) 2. and
6 amended to read:

7 224.77 (2m) (a) 2. The division may ~~revoke, suspend or limit a certificate of~~
8 ~~registration issued under this subchapter or reprimand~~ take any action specified in
9 subd. 1. against a mortgage banker or mortgage broker registered under this
10 subchapter, if based upon any act or omission described in subd. 1. of a director,
11 officer, trustee, partner, or member of the mortgage banker or mortgage broker or a
12 person who has a financial interest in or is in any way connected with the operation
13 of the mortgage banker's or mortgage broker's business is guilty of an act or omission
14 which would be cause for refusing to issue a certificate of registration to that
15 individual.

16 **SECTION 631.** 224.77 (2m) of the statutes is created to read:

17 224.77 (2m) DIVISION ACTION ON LICENSE. (a) 1. In addition to any other
18 authority provided to the division under this subchapter, if the division finds that a
19 mortgage banker, mortgage loan originator, or mortgage broker has violated any
20 provision of this subchapter or any rule promulgated by the division under this
21 subchapter, the division may do any of the following:

- 22 a. Deny any application for initial issuance or renewal of a license.
23 b. Revoke, suspend, limit, or condition any license of the mortgage banker,
24 mortgage loan originator, or mortgage broker.

1 c. Reprimand the mortgage banker, mortgage loan originator, or mortgage
2 broker.

3 (b) In addition to any other authority provided to the division under this
4 subchapter, if the division finds that an applicant for initial issuance or renewal of
5 a license under this subchapter made any material misstatement in the application
6 or withheld material information, or that the applicant no longer satisfies the
7 requirements under s. 224.72 or 224.725 for issuance or renewal of the license, the
8 division may deny the application or, if the license has already been issued, suspend
9 or revoke the license.

10 SECTION 632. 224.77 (3) (a) and (b) of the statutes are consolidated,
11 renumbered 224.77 (3) (a) (intro.) and amended to read:

12 224.77 (3) (a) *Orders to prevent or correct actions.* (intro.) The division may
13 issue general and special orders necessary, including temporary orders that become
14 immediately effective, to prevent or correct actions by a mortgage banker, mortgage
15 loan originator, or mortgage broker that constitute cause under this section for
16 revoking, suspending or limiting a certificate of registration. (b) *Types of special*
17 *orders.* Special a violation of any provision of this subchapter or of any rule
18 promulgated under this subchapter, including special orders may direct that do any
19 of the following:

20 1. Direct a mortgage banker, mortgage loan originator, or mortgage broker to
21 cease and desist from engaging in a particular activity or may direct the, from
22 conducting business, or from otherwise violating any provision of this subchapter or
23 any rule promulgated under this subchapter.

24 2. Direct a mortgage banker, mortgage loan originator, or mortgage broker to
25 refund or remit to a residential mortgage loan applicant or borrower amounts that

1 the mortgage banker, mortgage loan originator, or mortgage broker got from actions
2 which ~~that~~ constitute cause under this section for ~~revoking, suspending or limiting~~
3 ~~a certificate of registration~~ a violation of any provision of this subchapter or of any
4 rule promulgated under this subchapter.

5 **SECTION 633.** 224.77 (3) (a) 3. and 4. of the statutes are created to read:

6 224.77 (3) (a) 3. Direct a mortgage banker, mortgage loan originator, or
7 mortgage broker to cease business under a license issued under this subchapter if
8 the division determines that the license was erroneously issued or the licensee is
9 currently in violation of any provision of this subchapter or of any rule promulgated
10 under this subchapter.

11 4. Direct a mortgage banker, mortgage loan originator, or mortgage broker to
12 undertake any affirmative action, consistent with the provisions of this subchapter,
13 that the division deems necessary.

14 **SECTION 634.** 224.77 (3m) of the statutes is amended to read:

15 224.77 (3m) HEARING RIGHTS FOR REGISTRATION LICENSE DENIAL, REVOCATION, OR
16 SUSPENSION. A person whose ~~certificate of registration~~ license has been denied,
17 ~~revoked or, suspended, limited, or conditioned~~ under this section may request a
18 hearing under s. 227.44 within 30 days after the date of denial, revocation ~~or,~~
19 suspension, limitation, or conditioning of the ~~certificate of registration~~ license. The
20 division may appoint a hearing examiner under s. 227.46 to conduct the hearing.

21 **SECTION 635.** 224.77 (4) of the statutes is amended to read:

22 224.77 (4) PERIOD OF DISCIPLINARY ACTION; LICENSE INELIGIBILITY FOR
23 REGISTRATION. (a) *Period.* Except as provided in par. (b), the division shall determine
24 in each case the period that a revocation, suspension ~~or,~~ limitation, or condition of
25 a ~~certificate of registration~~ license is effective.

1 (b) *Ineligibility.* 1. Except as provided in subd. 2., if the division denies or
2 revokes a ~~certificate of registration~~ license under sub. (1) ~~(2m)~~ (a), the person is not
3 eligible for a ~~certificate of registration~~ license until the expiration of a period
4 determined in each case by the division.

5 2. If the division revokes a ~~certificate of registration~~ license under sub. (1) (p)
6 or (q), the person is not eligible for a ~~certificate of registration~~ license until 5 years
7 after the effective date of the revocation.

8 **SECTION 636.** 224.77 (5) (a) of the statutes is amended to read:

9 224.77 (5) (a) *Mandatory revocation or suspension.* Notwithstanding sub. (1)
10 ~~(intro.)~~ subs. (2m) (a) and (4), if the division finds that a mortgage banker, mortgage
11 loan originator, or mortgage broker has violated sub. (1) (p) or (q), the division shall:

12 1. For the first offense, suspend the registration license of the mortgage banker,
13 mortgage loan originator, or mortgage broker for not less than 90 days.

14 2. For the 2nd offense, revoke the registration license of the mortgage banker,
15 mortgage loan originator, or mortgage broker.

16 **SECTION 637.** 224.77 (6) (title) of the statutes is repealed.

17 **SECTION 638.** 224.77 (6) of the statutes is renumbered 224.77 (2m) (c) and
18 amended to read:

19 224.77 (2m) (c) The ~~department~~ division shall restrict or suspend the
20 registration license of a mortgage banker, mortgage loan originator, or mortgage
21 broker if the ~~registrant~~ licensee is an individual who fails to comply, after
22 appropriate notice, with a subpoena or warrant issued by the department of children
23 and families or a county child support agency under s. 59.53 (5) and related to
24 paternity or child support proceedings or who is delinquent in making court-ordered
25 payments of child or family support, maintenance, birth expenses, medical expenses,

1 or other expenses related to the support of a child or former spouse, as provided in
2 a memorandum of understanding entered into under s. 49.857. ~~A registrant~~ An
3 individual whose ~~registration~~ license is restricted or suspended under this
4 subsection is entitled to a notice and hearing only as provided in a memorandum of
5 understanding entered into under s. 49.857 and is not entitled to any other notice or
6 hearing under this section.

7 **SECTION 639.** 224.77 (7) (title) of the statutes is repealed.

8 **SECTION 640.** 224.77 (7) of the statutes is renumbered 224.77 (2m) (d) and
9 amended to read:

10 224.77 (2m) (d) The department division shall revoke the ~~certificate of~~
11 ~~registration~~ license of a mortgage banker, mortgage loan originator, or mortgage
12 broker if the department of revenue certifies under s. 73.0301 that the ~~registrant~~
13 licensee is liable for delinquent taxes. A ~~registrant~~ licensee whose ~~certificate of~~
14 ~~registration~~ license is revoked under this subsection for delinquent taxes is entitled
15 to a notice under s. 73.0301 (2) (b) 1. b. and a hearing under s. 73.0301 (5) (a) but is
16 not entitled to any other notice, hearing or review under this section.

17 **SECTION 641.** 224.77 (8) of the statutes is amended to read:

18 224.77 (8) VOLUNTARY SURRENDER. A mortgage banker, mortgage loan
19 originator, or mortgage broker may voluntarily surrender a ~~registration~~ license to
20 the division, but the division may refuse to accept the surrender if the division has
21 an open investigation or examination or received allegations of unprofessional
22 conduct against the mortgage banker, mortgage loan originator, or mortgage broker.
23 The division may negotiate stipulations in consideration for accepting the surrender
24 of ~~registration~~ the license.

25 **SECTION 642.** 224.77 (9) of the statutes is created to read:

1 224.77 (9) REPORTING VIOLATIONS. The division shall report regularly violations
2 of this subchapter or of rules promulgated under this subchapter, as well as
3 enforcement actions and other relevant information, to the nationwide mortgage
4 licensing system and registry. Except as provided in s. 224.728 (4) (b) and (c), these
5 reports shall be confidential.

6 **SECTION 643.** 224.78 (title) of the statutes is repealed.

7 **SECTION 644.** 224.78 of the statutes is renumbered 224.77 (1) (jm) and amended
8 to read:

9 224.77 (1) (jm) ~~A mortgage banker, loan originator, or mortgage broker may~~
10 ~~not pay~~ Pay a person who is not registered licensed under this subchapter a
11 commission, money, or other thing of value for performing an act as a mortgage
12 banker, mortgage loan originator, or mortgage broker.

13 **SECTION 645.** 224.79 of the statutes is amended to read:

14 **224.79 Consumer mortgage Mortgage brokerage agreements and**
15 **consumer disclosures. (1) FORM AND CONTENT OF CONSUMER MORTGAGE BROKERAGE**
16 **AGREEMENTS.** Every contract between a mortgage broker and ~~a consumer~~ an
17 individual under which the mortgage broker agrees to provide brokerage services to
18 the consumer individual relating to a residential mortgage loan shall be in writing,
19 in the form prescribed by rule of the division, and shall contain all information
20 required by rule of the division. The division shall promulgate rules to administer
21 this subsection in consultation with the mortgage loan originator council under s.
22 15.187 (1). The division shall design these rules to facilitate the comparison of
23 similar charges and total charges assessed by different mortgage brokers.

24 **(2) CONSUMER DISCLOSURE DISCLOSURE STATEMENT.** Before entering into a
25 contract with ~~a consumer~~ an individual to provide brokerage services relating to a

1 residential mortgage loan, a mortgage broker shall give the ~~consumer~~ individual a
2 copy of a ~~consumer~~ disclosure statement, explain the content of the statement, and
3 ensure that the ~~consumer~~ individual initials or signs the statement, acknowledging
4 that the ~~consumer~~ individual has read and understands the statement. The
5 ~~consumer~~ disclosure statement shall contain a brief explanation of the relationship
6 between the ~~consumer~~ individual and the mortgage broker under the proposed
7 contract, a brief explanation of the manner in which the mortgage broker may be
8 compensated under the proposed contract, and any additional information required
9 by rule of the division. The division shall promulgate rules to administer this
10 subsection in consultation with the mortgage loan originator council under s. 15.187
11 (1) and, by rule, shall specify the form and content of the ~~consumer~~ disclosure
12 statement required under this subsection.

13 **SECTION 646.** 224.80 (1) of the statutes is amended to read:

14 224.80 (1) PENALTIES. A person who violates s. ~~224.72(1m)~~ any provision of this
15 subchapter or any rule promulgated under this subchapter may be fined not more
16 than \$~~2,000~~ \$25,000 or imprisoned for not more than 9 months or both. The district
17 attorney of the county where the violation occurs shall enforce the penalty under this
18 subsection on behalf of the state.

19 **SECTION 647.** 224.80 (2) (intro.) of the statutes is amended to read:

20 224.80 (2) PRIVATE CAUSE OF ACTION. (intro.) A person who is aggrieved by an
21 act which is committed by a mortgage banker, mortgage loan originator, or mortgage
22 broker ~~and which is described in s. 224.77 (1) in violation of any provision of this~~
23 subchapter or of any rule promulgated under this subchapter may recover all of the
24 following in a private action:

25 **SECTION 648.** 224.80 (2) (a) 1. of the statutes is amended to read:

1 224.80 (2) (a) 1. Twice the amount of the cost of loan origination connected with
2 the transaction, except that the liability under this subdivision may not be less than
3 \$100 nor greater than ~~\$2,000~~ \$25,000 for each violation.

4 **SECTION 649.** 224.81 of the statutes is amended to read:

5 **224.81 Limitation on actions for commissions and other**
6 **compensation.** A person who is engaged in the business or acting in the capacity
7 of a mortgage banker, mortgage loan originator, or mortgage broker in this state may
8 not bring or maintain an action in this state to collect a commission, money, or other
9 thing of value for performing an act as a mortgage banker, mortgage loan originator,
10 or mortgage broker without alleging and proving that the person was ~~registered~~
11 licensed under this subchapter as a mortgage banker, mortgage loan originator, or
12 mortgage broker when the alleged cause of action arose.

13 **SECTION 650.** 224.82 of the statutes is amended to read:

14 **224.82 Compensation presumed.** In a prosecution arising from a violation
15 of this subchapter, proof that a person acted as a mortgage banker, mortgage loan
16 originator, or mortgage broker is sufficient, unless rebutted, to establish that
17 compensation was received by, or promised to, that person.

18 **SECTION 651.** 224.83 of the statutes is created to read:

19 **224.83 Loan processors and underwriters.** An individual engaging solely
20 in loan processor or underwriter activities may not represent to the public, through
21 advertising or another means of communication such as the use of business cards,
22 stationery, brochures, signs, rate lists, or other promotional items, that the
23 individual can or will perform any of the activities of a mortgage loan originator.

24 **SECTION 652.** 227.01 (13) (rm) of the statutes is created to read: