



2009 ASSEMBLY BILL 658

January 19, 2010 – Introduced by Representatives PARISI and FIELDS, cosponsored by Senator MILLER. Referred to Committee on Financial Institutions.

1 **AN ACT** *to amend* 224.725 (3) (c) of the statutes; **relating to:** qualifications of
2 mortgage loan originators.

Analysis by the Legislative Reference Bureau

Under current law, an individual may not engage in business as a mortgage loan originator, or otherwise act as a mortgage loan originator, unless the individual is licensed with the Division of Banking in the Department of Financial Institutions (division). In 2009 Wisconsin Act 2, provisions of the federal Secure and Fair Enforcement for Mortgage Licensing Act of 2008 were adopted into state law, including provisions establishing standards for the licensing of mortgage loan originators. A mortgage loan originator is, with specified exceptions, an individual who takes a residential mortgage loan application or offers or negotiates terms of a residential mortgage loan for compensation or gain. The division may issue a mortgage loan originator license to an applicant only if the applicant satisfies certain criteria. The applicant must provide: fingerprints for submission to the Federal Bureau of Investigation for a state, national, and international criminal history background check; personal history information; and authorization for the release of certain information, including the applicant's credit report and information related to any administrative, civil, or criminal findings against the applicant. The division may not issue a mortgage loan originator license to an applicant if the applicant has previously had a mortgage loan originator license revoked or if the applicant has had specified felony convictions. To issue a mortgage loan originator license, the division must also find that the applicant has demonstrated financial responsibility, character, and general fitness that will command the confidence of the

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community and warrant a determination that the mortgage loan originator will operate honestly, fairly, and efficiently. An individual will not be found to be financially responsible if he or she has shown a disregard in the management of his or her own financial condition, including having current outstanding judgments or tax liens or having, within the past three years, foreclosures or any pattern of seriously delinquent accounts. The division may only renew a mortgage loan originator license if the mortgage loan originator continues to meet the minimum standards for license issuance.

This bill modifies the criteria for issuance or renewal of a mortgage loan originator's license by eliminating foreclosures as a disqualifying criteria for an applicant. Accordingly, under the bill, the division is not *required* to make a finding that an applicant who has suffered a recent foreclosure is not financially responsible, but the division can still, in its discretion, make such a finding.

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

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

3 224.725 **(3)** (c) The applicant has demonstrated financial responsibility,
4 character, and general fitness such as to command the confidence of the community
5 and to warrant a determination that the mortgage loan originator will operate
6 honestly, fairly, and efficiently within the purposes of this subchapter. For purposes
7 of this paragraph, an individual has shown that he or she is not financially
8 responsible if he or she has shown a disregard in the management of his or her own
9 financial condition, including having current outstanding judgments other than
10 those resulting from medical expenses, having current outstanding tax liens or other
11 government liens and filings, or having, within the past 3 years, foreclosures or any
12 pattern of seriously delinquent accounts.

13 **SECTION 2. Initial applicability.**

