

2009 DRAFTING REQUEST

Bill

Received: 01/12/2010

Received By: agary

Wanted: As time permits

Identical to LRB:

For: Joe Parisi (608) 266-5342

By/Representing: Linda Hanson

This file may be shown to any legislator: NO

Drafter: agary

May Contact:

Addl. Drafters:

Subject: Fin. Inst. - banking inst.  
Fin. Inst. - int. rates/loans

Extra Copies: MDK

Submit via email: YES

Requester's email: Rep.Parisi@legis.wisconsin.gov

Carbon copy (CC:) to: aaron.gary@legis.wisconsin.gov

Pre Topic:

No specific pre topic given

Topic:

Qualifications for mortgage loan originator licenses

Instructions:

See attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?							
/P1	agary 01/14/2010	jdyer 01/14/2010	phenry 01/14/2010	_____	sbasford 01/14/2010		
/1	agary 01/19/2010	jdyer 01/19/2010	rschluet 01/19/2010	_____	sbasford 01/19/2010	sbasford 01/19/2010	

FE Sent For:

*None*

<END>

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1? /P1	agary 01/14/2010	1/19 jld jdye 01/14/2010	phenry 01/14/2010	_____	sbasford 01/14/2010		

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<END>

PA's :  
Please jacket  
/1.  
Thx. AKG

1/9/10

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/?	agary	1/14 jld	1/14 ph	1/14 ph			

FE Sent For:

<END>

1/11

file w/ Linda <sup>Hansen</sup> - Rep. Parisi 6-5342

Act 2:

- loan originator

- if he has had a foreclosure, he cannot renew his license

- DFI: will revoke license

Act 2, p. 82 c

- "change wording to remove foreclosures as prerequisite to renew licenses"

## Gary, Aaron

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**From:** Hanson, Linda  
**Sent:** Wednesday, January 13, 2010 4:16 PM  
**To:** Gary, Aaron  
**Subject:** RE: Proposed Language Change We Spoke About

Whew! You had me scared there for a moment – until I got to the last two sentences. I got a call from DFI today as well. The folks we talked with last week have also discussed this with other agency and unit heads, including the DFI Secretary. Without anything in writing, they unofficially support the change. This is good news. So, yes, proceed with drafting.

Thanks again!

Linda

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**From:** Gary, Aaron  
**Sent:** Wednesday, January 13, 2010 3:38 PM  
**To:** Rep.Parisi  
**Subject:** RE: Proposed Language Change We Spoke About

Hi Linda,

I spent countless hours on the SAFE Act implementation early in the session and did quite a bit of related drafting, including drafting the provisions that ultimately became part of Act 2. The "model act" is not from the federal government; it is from private regulatory associations (The Conference of State Bank Supervisors (CSBS) and the American Association of Residential Mortgage Regulators (AARMR)) and has no legal effect. In addition, it was quite poorly done. Wisconsin's language is based more on the federal law (which does have legal effect) than on the efforts of this group of regulators that attempted to come up with a "model act" for all states. That said, federal law is clear that substantial compliance, not strict compliance, is all that is necessary for states to avoid federal sanctions, so I would be very surprised if this change put WI in a non-compliant position. I will proceed with the change you indicate and try to get a draft out to you soon.

Aaron

Aaron R. Gary  
*Attorney, Legislative Reference Bureau*  
608.261.6926 (voice)  
608.264.6948 (fax)  
[aaron.gary@legis.state.wi.us](mailto:aaron.gary@legis.state.wi.us)

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**From:** Rep.Parisi  
**Sent:** Monday, January 11, 2010 10:13 AM  
**To:** Gary, Aaron  
**Subject:** Proposed Language Change We Spoke About  
**Importance:** High

January 11, 2010

Aaron – thanks for doing this. As I said, this is part of the federal SAFE Act. The model language received from the federal government (provided by Scott Grosz of Leg. Council) is below. The model language provides more "wiggle room" than what we passed. DFI was going to contact HUD to determine whether we would be in compliance with federal law if we made this change. I have not yet heard back but Rep. Parisi wants to get the ball rolling on this.

Please let me know if you have questions, interpret this differently, or need more information.

Linda Hanson  
Rep. Parisi's Office

Model State Law – SEE PAGE 6 (3)(a)

<http://mortgage.nationwidelicensingsystem.org/SAFE/NMLS%20Document%20Library/MSL-Final.pdf>

SAFE Act – SEE PAGE 8

<http://mortgage.nationwidelicensingsystem.org/SAFE/NMLS%20Document%20Library/SAFE-Act.pdf>

**Language we passed in Act 2, Page 82(c) includes foreclosures as criteria for non-renewal of license. Rep. Parisi wishes to remove it.**

224.725 (3) (c) The applicant has demonstrated financial responsibility, character, and general fitness such as to command the confidence of the community and to warrant a determination that the mortgage loan originator will operate honestly, fairly, and efficiently within the purposes of this subchapter. For purposes of this paragraph, an individual has shown that he or she is not 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 other than those resulting from medical expenses, having current outstanding tax liens or other government liens and filings, or having, within the past 3 years, ~~foreclosures or~~ any pattern of seriously delinquent accounts.



Wanted by 1/19  
in 1/14

Jld  
D. Note

**PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION**

✓  
1

Gen

AN ACT ...; relating to: qualifications of 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 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  
12 pattern of seriously delinquent accounts.

History: 2009 a. 2 ss. 607, 621, 634.

13           **SECTION 2. Initial applicability.**

14           (1) This act first applies to applications received on the effective date of this  
15 subsection.

16

(END)

*Note*



**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

date

LRB-4110/P1dn

ARG: a:...

JLD

ATTN: Linda Hanson

Please review the attached draft carefully to ensure that it is consistent with your intent. ✓

Please let me know if you would like any changes made to the attached draft or if you have any questions. If the attached draft meets with your approval, let me know and I will convert it to an introducible "/1" draft. ✓

Aaron R. Gary  
Legislative Attorney  
Phone: (608) 261-6926  
E-mail: aaron.gary@legis.wisconsin.gov

**DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRB-4110/P1dn  
ARG:jld:ph

January 14, 2010

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**Gary, Aaron**

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**From:** Rep.Parisi  
**Sent:** Tuesday, January 19, 2010 1:07 PM  
**To:** Basford, Sarah  
**Cc:** Gary, Aaron  
**Subject:** PREPARE FINAL DRAFT LRB 09-4110/P1 Topic: Qualifications for mortgage loan originator licenses  
**Importance:** High  
**Attachments:** LRB-4110\_P1; LRB-4110\_P1 Drafters\_Note

This is perfect. Please prepare final draft as it must be introduced and jacketed TODAY.

Thank you.

JOE

01/19/2010



TODAY

in 1/19

~~PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION~~

No changes

✓

Regen

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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13           **SECTION 2. Initial applicability.**

