



## WISCONSIN LEGISLATIVE COUNCIL AMENDMENT MEMO

**2009 Assembly Bill 471**

**Assembly  
Amendment 1**

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*Current law* imposes various requirements on mortgage brokers and their principals and agents and specifies numerous acts and prohibited practices.

*Assembly Bill 471* relates to mortgage broker duties and agency relationships.

The bill specifies that a mortgage broker has an agency relationship with the residential mortgage loan applicant or investor on whose behalf the mortgage broker provided, or contracts to provide mortgage brokerage services. The bill enumerates a list of specific duties that the mortgage broker owes to the borrower, including the following:

1. The mortgage broker must act in the borrower's best interest and in the utmost good faith. The mortgage broker may not compromise the borrower's rights or interests in favor of the mortgage broker's or any other person's.
2. The mortgage broker may not accept, give, or charge any undisclosed compensation or realize any undisclosed remuneration that inures to the benefit of the mortgage broker on an expenditure made for the borrower.
3. The mortgage broker must carry out all lawful instructions given by the borrower.
4. The mortgage broker must disclose to the borrower all material facts of which the mortgage broker has knowledge that might reasonably affect the borrower's rights or interests or ability to receive the borrower's intended benefit from the residential mortgage loan. This does not include facts that are reasonably susceptible to the knowledge of the borrower.
5. The mortgage broker must use reasonable care in performing the mortgage broker's duties.
6. The mortgage broker must account to the borrower for all money and property received by the mortgage broker as the borrower's agent.

*Assembly Amendment 1* expands on the requirement that mortgage brokers must disclose to the borrower all material facts of which the mortgage broker has knowledge by stating that the broker must present loan offers in an objective and unbiased manner and disclose the advantages and disadvantages of each loan option.

The amendment makes no other changes.

**Legislative History**

Assembly Bill 471 was introduced on October 6, 2009, by Representative Young and others; and cosponsored by Senator Taylor. The bill was referred to the Assembly Committee on Housing, which held a hearing on the bill on October 7, 2009. Representative Young introduced Assembly Amendment 1 on October 12, 2009. At an executive session on October 14, 2009, the Assembly Committee on Housing voted to adopt Assembly Amendment 1 on a vote of Ayes, 7; Noes, 0; and voted to recommend passage of the bill, as amended, on an identical vote.

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