



2007 SENATE BILL 517

February 20, 2008 - Introduced by Senators SULLIVAN, DARLING and SCHULTZ, cosponsored by Representatives NEWCOMER, ALBERS and NASS. Referred to Committee on Veterans and Military Affairs, Biotechnology and Financial Institutions.

- 1 **AN ACT to amend** 224.71 (1g) and 224.75 (3) (b) of the statutes; **relating to:**
2 mortgage bankers, mortgage brokers, and loan originators.

Analysis by the Legislative Reference Bureau

Under current law, a person may not act as a mortgage banker, mortgage broker, or loan originator unless the person is registered as such with the Division of Banking in the Department of Financial Institutions (division). A mortgage banker is, with certain exceptions, a person who originates loans for itself, as payee on the note evidencing the loan, or for another person; sells loans or interests in loans to another person; or services loans or land contracts or provides escrow services. A mortgage broker is, with certain exceptions, a person who, on behalf of a loan applicant or an investor and for commission or other compensation, finds a loan or negotiates a land contract, loan, or commitment for a loan. A loan originator is a person who, on behalf of a mortgage banker or mortgage broker, finds a loan or negotiates a land contract, loan, or commitment for a loan. State and federally chartered financial institutions are excluded from the definitions of mortgage banker and mortgage broker. For purposes of the statutes regulating mortgage bankers, mortgage brokers, and loan originators, "loan" is defined as a loan secured by a lien or mortgage, or equivalent security interest, on real property.

This bill changes this definition of "loan," altering the scope of the persons and transactions that are subject to the statutes regulating mortgage bankers, mortgage brokers, and loan originators. Under the bill, a "loan" is defined as a loan for personal, family, or household purposes that is secured by a lien or mortgage, or equivalent security interest, on real property located in this state. The definition of

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“loan” also specifies that a loan secured by real property consisting of one to four dwelling units, including individual condominium units, is a loan for household purposes, but a loan made by a landlord to a tenant secured by leasehold improvements is not.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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

1 **SECTION 1.** 224.71 (1g) of the statutes is amended to read:

2 224.71 (1g) “Loan” means a loan for personal, family, or household purposes
3 that is secured by a lien or mortgage, or equivalent security interest, on real property
4 located in this state. For purposes of this subsection, a loan secured by real property
5 consisting of 1 to 4 dwelling units, including individual condominium units, is a loan
6 for household purposes, but a loan made by a landlord to a tenant as described in sub.
7 (3) (b) 4. is not a loan for household purposes.

8 **SECTION 2.** 224.75 (3) (b) of the statutes is amended to read:

9 224.75 (3) (b) *Appraisal report.* If a mortgage banker or mortgage broker
10 charges a loan applicant a separate fee for an appraisal report, the appraisal report
11 shall consist, at a minimum, of a written statement indicating the appraiser’s
12 opinion of the value of the property appraised for mortgage loan purposes, the basis
13 for that opinion and the name of the person who conducted the appraisal. If
14 requested by a loan applicant, a mortgage banker or mortgage broker shall provide
15 the loan applicant with a copy of any written appraisal report held by the mortgage
16 banker or mortgage broker, if the loan applicant paid a fee for the report ~~and the~~
17 ~~report relates to residential real estate that the loan applicant owns or has agreed~~
18 ~~to purchase.~~

19 **SECTION 3. Initial applicability.**

