



PREPROPOSAL STATEMENT OF INQUIRY

CR-101 (June 2004)
(Implements RCW 34.05.310)
Do NOT use for expedited rule making

Agency: DEPARTMENT OF FINANCIAL INSTITUTIONS ("DFI"), Division of Banks

Subject of possible rule making:

Washington state law requires financial institutions (including state-chartered commercial banks, savings banks and savings associations) that act as residential mortgage lenders to adopt subprime lending policies and procedures that incorporate the principles contained in the federal "Interagency Guidance on Nontraditional Mortgage Product Risks" and the federal "Statement on Subprime Mortgage Lending" ("Guidance") and other provisions of Chapter 108, Laws of 2008 (SHB 2770).

Statutes authorizing the agency to adopt rules on this subject:

Chapter 108, Laws of 2008; RCW 30.04.030; RCW 30.04.060; RCW 32.04.211; RCW 33.04.020; RCW 33.04.025; RCW 43.320.010; RCW 43.320.011(1); RCW 43.320.040.

Reasons why rules on this subject may be needed and what they might accomplish:

Guidance rules are required by statute [Sec. 4, Chapter 108, Laws of 2008, SHB 2770]. In addition, rules are needed in order to clarify the types of internal policies and procedures needed by state-chartered commercial banks, savings banks and savings associations that may provide subprime or nontraditional residential mortgage loans. Other rulemaking may be needed to implement other provisions of Chapter 108, Laws of 2008 (SHB 2770).

Identify other federal and state agencies that regulate this subject and the process coordinating the rule with these agencies:

The Financial Institutions Examination Council (FFIEC), including its members, the Federal Reserve Board (FRB), the Federal Deposit Insurance Corporation (FDIC), the Office of Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS) and the National Credit Union Administration (NCUA), jointly developed the Guidance. The FDIC, which conducts consumer protection compliance examinations of state-chartered commercial banks and savings banks, has or will be implementing a version of the Guidance. In addition, the DFI's Division of Credit Unions and Division of Consumer Services will initiate separate rulemaking regarding the Guidance, as it applies to other types of financial institutions and licensees regulated by DFI.

Process for developing new rule (check all that apply):

Negotiated rule making

Pilot rule making

Agency study

Other (describe) CONSULTATION WITH DIVISION OF BANKS STAKEHOLDERS (STATE-CHARTERED BANKS AND SAVINGS BANKS AND OTHER INTERESTED PERSONS)

How interested parties can participate in the decision to adopt the new rule and formulation of the proposed rule before publication:

(List names, addresses, telephone, fax numbers, and e-mail of persons to contact; describe meetings, other exchanges of information, etc.)

Interested parties can participate in this rulemaking by attending hearings on the proposed rule, monitoring the DFI website, and contacting the Division of Banks in writing, including FAX and e-mail. All drafts and comments, as well as the audio of hearings, will be posted on the website.

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DATE

June 12, 2008

NAME (TYPE OR PRINT)

Brad Williamson

SIGNATURE

TITLE

Director, Division of Banks

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STATE OF WASHINGTON
FILED

DATE: June 12, 2008

TIME: 2:54 PM

WSR 08-13-056