



# RULE-MAKING ORDER

**CR-103P (May 2009)**  
(Implements RCW 34.05.360)

**Agency:** Department of Financial Institutions, Consumer Services

**Permanent Rule Only**

**Effective date of rule:**

**Permanent Rules**

- 31 days after filing.
- Other (specify) (If less than 31 days after filing, a specific finding under RCW 34.05.380(3) is required and should be stated below)

**Any other findings required by other provisions of law as precondition to adoption or effectiveness of rule?**

- Yes
  - No
- If Yes, explain:

**Purpose:** Amending the rules in chapter 208-620 to implement the Consumer Loan Act, chapter 31.04 RCW, as amended by chapter 35, Laws of 2010 and to generally amend the rules for clarity and consistency.

**Citation of existing rules affected by this order:**

Repealed: See Attachment 2  
 Amended: See Attachment 2  
 Suspended: None

**Statutory authority for adoption:** RCW 43.320.040

**Other authority :** RCW 31.04.165; chapter 35, Laws of 2010

**PERMANENT RULE (Including Expedited Rule Making)**

Adopted under notice filed as WSR **10-16-137** on August 4, 2010 (date).  
 Describe any changes other than editing from proposed to adopted version:

See Attachment 1.

If a preliminary cost-benefit analysis was prepared under RCW 34.05.328, a final cost-benefit analysis is available by contacting:

Name: \_\_\_\_\_ phone \_\_\_\_\_  
 Address: \_\_\_\_\_ fax \_\_\_\_\_  
 e-mail \_\_\_\_\_

**Date adopted:**

October 5, 2010

**NAME (TYPE OR PRINT)**

Deborah Bortner

**SIGNATURE**

**TITLE**

Director, Division of Consumer Services

**CODE REVISER USE ONLY**

OFFICE OF THE CODE REVISER  
STATE OF WASHINGTON  
FILED

**DATE: October 05, 2010**  
**TIME: 9:06 AM**

**WSR 10-20-122**

**Note: If any category is left blank, it will be calculated as zero.  
No descriptive text.**

**Count by whole WAC sections only, from the WAC number through the history note.  
A section may be counted in more than one category.**

**The number of sections adopted in order to comply with:**

<b>Federal statute:</b>	New	<u>0</u>	Amended	<u>0</u>	Repealed	<u>0</u>
<b>Federal rules or standards:</b>	New	<u>0</u>	Amended	<u>0</u>	Repealed	<u>0</u>
<b>Recently enacted state statutes:</b>	New	<u>03</u>	Amended	<u>08</u>	Repealed	<u>0</u>

**The number of sections adopted at the request of a nongovernmental entity:**

	New	<u>0</u>	Amended	<u>0</u>	Repealed	<u>0</u>
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**The number of sections adopted in the agency's own initiative:**

	New	<u>13</u>	Amended	<u>35</u>	Repealed	<u>02</u>
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**The number of sections adopted in order to clarify, streamline, or reform agency procedures:**

	New	<u>13</u>	Amended	<u>35</u>	Repealed	<u>02</u>
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**The number of sections adopted using:**

<b>Negotiated rule making:</b>	New	<u>13</u>	Amended	<u>35</u>	Repealed	<u>2</u>
<b>Pilot rule making:</b>	New	<u>0</u>	Amended	<u>0</u>	Repealed	<u>0</u>
<b>Other alternative rule making:</b>	New	<u>0</u>	Amended	<u>0</u>	Repealed	<u>0</u>

## Attachment 1 to CR-103

### Describe differences between the text of the proposed rules as published in the Washington State Register and the text of the rules as adopted, other than editing changes, stating the reasons for differences. (RCW 34.05.325(6)(a) (ii))

1. 208-620-010. The definition of “annual percentage interest rate” is deleted because the term is not used other than in the definitions section.
2. 208-620-010. The definition of “mortgage loan originator” is amended to clarify the compensation or gain component of the definition..
3. 208-620-010. The definition of “mortgage loan originator” is amended to clarify that the inapplicability of the definition to persons performing administrative or clerical tasks does not apply if the person holds themselves out as being able to perform the services of a mortgage loan originator.
4. 208-620-010. The definition of “simple interest method” is amended to remove the reference to annual percentage interest rate. See No. 1 above. These two amendments clarify the meaning.
5. 208-620-235. This section is amended to clarify the meaning of the interest rate maximum allowed under the law.
6. 208-620-320(2). This section is amended to reflect the final determination of the bonding requirements for loan servicers based on the department’s analysis of the industry.
7. 208-620-328. This section is amended to better inform licensees that the department will give specific direction on how to comply with the call report requirement.
8. 208-620-420. This section is amended to clarify the issue.
9. 208-620-421. This section is moved to Section 621 and amended based on comments.
10. 208-620-422. This section is moved to Section 622 and amended based on comments.
11. 208-620-430(4). Subsection (4) is added to give better direction to licensees to enable them to maintain their residential mortgage loan data with the content and in the format the department requires.
12. 208-620-440(1)(b). This section is amended to reflect the department’s analysis of the servicing industry and comments received on the assessment methodology when determining the assessment method that will result in the industry paying for the cost to the department to regulate the industry.
13. 208-620-499. Language is added to clarify the licensee’s requirement to provide document to the department directly if their NMLS account is locked.

14. 208-620-510(3)(d). This language is amended based on comments received.
15. 208-620-510(4)(a). New language is added to further clarify the department's requirement for certain disclosures.
16. 208-620-510(4)(e). This language is amended based on comments received.
17. 208-620-520(1) and (3)(a). The language is amended to more clearly describe the licensee's obligations under both state and federal law.
18. 208-620-520(5). This subsection is added to remind licensees of their obligation to properly maintain or destroy records, or reimburse the department if the department has to rescue and then maintain or destroy records a licensee has abandoned.
19. 208-620-531. A sentence is added to remind licensees that policies they develop must be maintained with their books and records.
20. 208-620-550(16). This section is new language prohibiting licensees from receiving compensation or gain from a specific behavior that occurs during short sales.
21. 208-620-560(2). This section is amended based on comments received.
22. 208-620-567. The section is amended to clarify a loan servicer's responsibilities when charging fees for default related services.
23. 208-620-620. This section is amended based on comments received.
24. 208-620-621. This section is the amended prior Section 421.
25. 208-620-622. This section is the amended prior Section 422.
26. 208-620-710(1)(f). This subsection is added to provide additional information to mortgage loan originators.
27. 208-620-710(18)(ii). This sentence is added to provide additional information to mortgage loan originators
28. 208-620-900(6)(a). This language is added based on comments received.
29. 208-620-900(8)(g). This language is added based on comments received.
30. 208-620-900(9)(d). The language is amended based on comments received to clarify the licensee's obligation.

**Attachment 2 to CR-103p**

**2010 Consumer Loan Act Rulemaking**  
**Citation of Existing Rules Affected by the CR-103**

	Sec	Change
	208-620-	
1.	380	Repealed
2.	390	Repealed

	Sec	Change
	208-620-	
1.	010	Amended
2.	105	Amended
3.	235	Amended
4.	250	Amended
5.	260	Amended
6.	271	Amended
7.	310	Amended
8.	320	Amended
9.	325	Amended
10.	327	Amended
11.	328	Amended
12.	370	Amended
13.	371	Amended
14.	373	Amended
15.	374	Amended
16.	420	Amended
17.	430	Amended
18.	431	Amended
19.	440	Amended
20.	460	Amended
21.	499	Amended
22.	510	Amended
23.	515	Amended
24.	520	Amended
25.	530	Amended
26.	550	Amended
27.	555	Amended
28.	560	Amended
29.	565	Amended
30.	620	Amended
31.	630	Amended
32.	700	Amended
33.	710	Amended
34.	725	Amended
35.	830	Amended