



State of Washington

DEPARTMENT OF FINANCIAL INSTITUTIONS

DIVISION OF CONSUMER SERVICES

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July 23, 2008

Concise Explanatory Statement

Pursuant to RCW 34.05.325(6)

Rule Amendments to the Consumer Loan Act, chapter 31.04 RCW, chapter 208-620 WAC

Agency reasons for adopting the rules. (RCW 34.05.325(6)(a)(i)).

The rules must be amended for clarity and consistency. The bonding requirements are amended to maintain adequate consumer protection while better reflecting the changing mortgage lending market, and are consistent with bonding requirements in other states.

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. Section 208-620-320(2) is amended to include a bond maximum of \$700,000. The bond cap was added after further consideration of the bonding rule requirements in comparison to the bonding requirements of other states.
2. Subsection (4) of 208-620-430 is removed because it is duplicative of WAC 208-620-430(3)(c). This was discovered after the filing of the CR-102.

Summary of comments received by DFI during the rulemaking process, and DFI's responses to the comments. (RCW 34.05.325(6)(a) (iii)).

The comment period on the amended rules ran from the publication of the proposed rules in the Washington Register on June 4, 2008, until the close of the comment period, July 7, 2008, 5:00 P.M. DFI received two written comments:

1. Lisa Thatcher, email dated May 20, 2008.

I reviewed the modified regs & they seem fine except for one item that I think would clarify the situation better. It is in Reg WAC 208-620-425 on page 5. On the fourth line down, after the word “person,” I would suggest adding the following phrase—“and this other person intends to make subsequent loans.” I think it is unrealistic for a company who doesn’t intend to make addl loans to have to get a loan license. I also really don’t think it was intended to require it. (If the “person” does intend to make addl loans then that is something else, & the new entity should be required to get the license.) That is my only suggestion.

The department did not take any action on the proposed rules based on this comment.

2. James Brodsky, Weiner Brodsky Sidman Kider, on behalf of the National Reverse Mortgage Lenders Association (NRMLA), letter dated June 24, 2008.

This comment was a multiple page letter discussing a specific provision of the Consumer Loan Act, RCW 31.04.125, that prohibits the compounding of interest. The letter is available from the rulemaking file.

The department did not take any action on the proposed rules based on this comment. The comment was transferred to the 2008 rulemaking process for consideration.

Oral comments received during the public hearing held June 26, 2008, at DFI: None.

CONCLUSION

The proposed amendments provide clarification and consistency to the rules. The amended bonding requirements maintain adequate consumer protection while better reflecting the changing mortgage lending market and are consistent with bonding requirements in other states. DFI made the proposed rules available to all interested parties, put the proposed amendments on the department website, and considered all comments received. The final proposed rules are the product of an open, deliberative process.