



Seller Financing under the Consumer Loan Act

Cindy Fazio

Chief of Regulatory Affairs – Consumer Services
Department of Financial Institutions

360-902-8800

lfazio@dfi.wa.gov

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- The comments and opinions expressed in this presentation are my own and do not necessarily reflect those of the Department of Financial Institutions (“DFI”). DFI does not give legal or financial advice. DFI does not endorse or recommend any person, product or institution.



Practically Speaking – which transactions?

- Lending for personal, family, or household use purpose: secured or unsecured.
- Includes vacant land but we are now exempting – why?
- Not: Business, commercial, or agricultural use purpose – they may have their own exemption.



Practically Speaking – how to deal with it?

- The license waiver is “self-effecting”:
 - ✓ Print and complete the form.
 - ✓ Email it to me.
 - ✓ Provide the Disclosure to the buyer.
 - ✓ Done.



Regulatory Landscape – State

- State Law: Chapter 31.04 RCW:
RCW 31.04.035
RCW 31.04.025
- The rules: Chapter 208-620 WAC
- Interpretive Statement
CLA-IS-2010-1



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Regulatory Landscape – State

- The Disclosure Summaries:
Developed for industry to comply with
RCW 19.144.020
- Repurposed for this use.



Regulatory Landscape – Federal

- Federal Law (Regulation Z): Truth in Lending:

12 CFR 1026

12 CFR 1026.36



Some Helpful History

- The connection with the usury statute.
- The breaking of the connection.
- Our original de minimis language.
- TILA amendments.
- NW MLS – Form 22 C amendments.



Trivia

- Approx. 500 since June 2013.
- Manufactured homes: initially we tracked, now do not.
- Largest percentage: one time transactions.
- Largest percentage: initial contact with REB; then escrow; then attorney; then seller.



Resources

- License waiver form: <http://dfi.wa.gov/cs/pdf/seller-financing-license-waiver.pdf>
- [Disclosure Summary – Fixed Rate Loan \(PDF\)*](#)
- [Disclosure Summary – Variable Rate Loan \(PDF\)*](#)
- Here is our web page with the process: <http://dfi.wa.gov/cs/seller-financing.htm>.



Resources

- Consumer Loan Act: <http://app.leg.wa.gov/rcw/default.aspx?cite=31.04>
- Rules: <http://app.leg.wa.gov/wac/default.aspx?cite=208-620>
- Interpretive Statement:
http://dfi.wa.gov/cs/interpretive_statements/consumer_loan/IS-2010-01.pdf
- Regulation Z implementing TILA: http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title12/12cfr1026_main_02.tpl



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