



State of Washington

DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF CONSUMER SERVICES

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November 14, 2013

Concise Explanatory Statement Pursuant to RCW 34.05.325(6)

RE: 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 to implement changes to the law, to protect consumers from financial harm, to aid the regulated industries by having consistent rules, and to make technical changes for clarity and consistency.

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))

See Attachment 1.

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

I. Summary of written comments received: See Attachment 2.

II. Summary of oral comments received during the public hearing held October 22, 2013, at the DFI office in Olympia, Washington: No attendees, no oral comments.

The comment period was open from the filing of the CR-101 on July 23, 2013, until October 25, 2013.

The written comments in their entirety are available on our website:

http://dfi.wa.gov/cs/current_rulemaking.htm#cla-11-23-062

The complete audio of the hearing is available on our website.

CONCLUSION

DFI made the proposed rules available to all interested parties and published the proposed amendments on the department website along with all rulemaking notices and audio of public meetings. The final proposed rules are the product of an open, deliberative process.

Attachment 1 to Concise Explanatory Statement
Pursuant to RCW 34.05.325(6)(a)(i)

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. WAC 208-620-230. Proposed language amended to state the department's interpretation of the statutory language. See also the consistent proposed rule language in WAC 208-620-556.
2. WAC 208-620-232. Proposed language amended to include the requirement that Washington law be followed in the event of a foreclosure.
3. WAC 208-620-440. Proposed language amended to clarify that if the department's travel expenses are not paid through the examination or investigation process, the expenses will be included in the department's total cost of regulating the industry.
4. WAC 208-620-510(3)(c). Proposed language amended to clarify that a rate lock agreement is not required to be provided with the initial disclosures when the consumer does not want to lock the rate at the initial disclosure stage of a transaction.
5. WAC 208-620-510(4)(e)(ii). Proposed language amended to clarify that a rate lock agreement is not required to be provided with the initial disclosures when the consumer does not want to lock the rate at the initial disclosure stage of a transaction.
6. WAC 208-620-520 (3)(o). Proposed language amended to clarify that evidence of a financial commitment to protect a rate lock is part of a company's books and records that must be retained for three years.
7. WAC 208-620-550 (16). Proposed language amended to clarify that both the initial and any revised loan applications must contain the company and mortgage loan originators' license numbers and the date the application was taken or revised.
8. WAC 208-620-550 (16). Proposed language amended to clarify that licensees may not charge fees that are not allowed pursuant to the requirements of a specific program loan such as FHA, VA, USDA, etc.
9. WAC 208-620-551 (8). Proposed language amended to clarify that the licensee must service a residential mortgage loan pursuant to the loan documents unless otherwise agreed to in writing by the borrower.
10. WAC 208-620-555 (3)(a). Proposed language amended to clarify that fees paid to third parties must be reimbursed to the licensee at closing.

11. WAC 208-620-555 (3)(c). Proposed language amended to clarify that the borrower's credit card may be used to pay third parties directly for services provided.

12. WAC 208-620-622 (4). Proposed language amended to clarify that license numbers must closely follow license names and is consistent with the amendment in (1)(b) of the section.

13. WAC 208-620-710 (26). Proposed language amended to clarify and provide exceptions from the requirements of using license names and numbers when a mortgage loan originator is conducting business and advertising.

14. WAC 208-620-900 (5)(b)(iv). New language added to clarify that the single point of contact attaches when a borrower requests assistance in loss mitigation.

Attachment 2 to Concise Explanatory Statement
Pursuant to RCW 34.05.325(6)

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

Date of Comment	Commenter	General Topic of Comment/Applicable WAC	DFI Response
6/5/2013	Bob Delaney, Attorney at Law	Seller Financing/ WAC 208-620-232	The proposed rule was developed based on these and similar comments
6/5/2013	Drew Bodker, Attorney at Law	Seller Financing/ WAC 208-620-232	The proposed rule was developed based on these and similar comments
6/20/2013	Phil Dryden, Evergreen Escrow	Seller Financing/ WAC 208-620-232	The comment was considered; the proposed rule does not include this requirement
6/25/2013	Joe Hammond	Seller Financing/ WAC 208-620-232	The proposed rule was developed based on these and similar comments
7/24/2013	Lorelei Stevens, Wall Street Brokers, Inc.	Seller Financing/ WAC 208-620-232	The proposed rule was developed based on these and similar comments
7/26/2013	Tom Brophy, Cascade Funding, Inc.	Seller Financing/ WAC 208-620-232	The proposed rule was developed based on these and similar comments
7/30/2013	Paul Roy, Coldwell Banker Tomlinson	Seller Financing/ WAC 208-620-232	The proposed rule was developed based on these and similar comments
8/8/2013	Stan Brazington	Seller Financing/ WAC 208-620-232	The proposed rule was developed based on these and similar comments
8/8/2013	Stan Brazington	Seller Financing/ WAC 208-620-232	The proposed rule was developed based on these and similar comments
8/18/2013	Lorelei Stevens, Wall Street Brokers, Inc.	Seller Financing/ WAC 208-620-232	The proposed rule was developed based on these and similar comments
8/21/2013	Lisa Klika, Guild Mortgage	Unlicensed activity, fees/WAC 208-620-230 and 562	The comment was considered; the proposed rule was changed based on this comment

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