



State of Washington

DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF CONSUMER SERVICES

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March 28, 2016

Concise Explanatory Statement
Pursuant to RCW 34.05.325(6)

Rule Amendments to the Mortgage Broker Practices Act (MBPA), chapter 19.146 RCW and chapter 208-660 WAC

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

The proposed amendments are necessary to implement changes to the law, 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. Written comments received.

1. March 23, 2016 – Jeff Lorsch from Evergreen State Mortgage
2. March 24, 2016 – Joe Prevost from Pioneer Financial LLC
3. March 24, 2016 – Steve Harkness from American Capital Corporation
4. March 25, 2016 – Robert Meunier from Director's Mortgage

The comments received were identical. The following summaries apply to all:

WAC 208-660-155(10): With the implementation of TRID, many lenders now prepare and issue the GFE or LE to the borrower directly, not the MB. With the broker often

being substantially removed from this process, we feel the signature requirement should no longer be required.

DFI RESPONSE: The proposed language was amended to remove the signature requirement.

WAC 208-660-300(13): When LO licensing was first being implemented, it was determined by the MB Commission that (i) self-employed LP's need to be licensed just as a MB/DB, and (ii) W-2 unlicensed LP's should be under the control and direction of the DB/MB. These changes reduce the knowledge base of the self-employed LP.

DFI RESPONSE: While retaining compliance with the federal SAFE Act, the proposed language was amended to allow certain designated brokers to supervise the loan processors.

WAC 208-660-410(20) and (25): The comments pointed out inconsistency with the language and the federal forms.

DFI RESPONSE: The proposed language was amended to be consistent with the federal forms.

WAC 208-660-430(2), (3)(b) and (e), and (9): Please clarify use of the terms “good faith estimate” vis-à-vis the “GFE” and “LE.”

DFI RESPONSE: The proposed language was amended to properly identify the federal forms.

WAC 208-660-440(11): The commenters objected to the proposed language requiring that when a company uses a trade name they also use their license name and license number.

DFI RESPONSE: Because of an internal consistency with another rule not subject to this rulemaking, the proposed language was stricken.

WAC 208-660-700: The commenters would like the reestablishment of a commission or committee to foster improved communication between the Department, licensees, and the public.

DFI RESPONSE: DFI will continue to provide industry newsletters and webinars and DFI staff will continue to speak or teach when appropriate. The Department welcomes other ideas for fostering communication between the Department and industry.

II. Oral comments received during the public hearing held March 23, 2016, at the Department's location in Tumwater, Washington:

Jeff Lorsch of Evergreen Mortgage – see the comment summary and agency's response above.

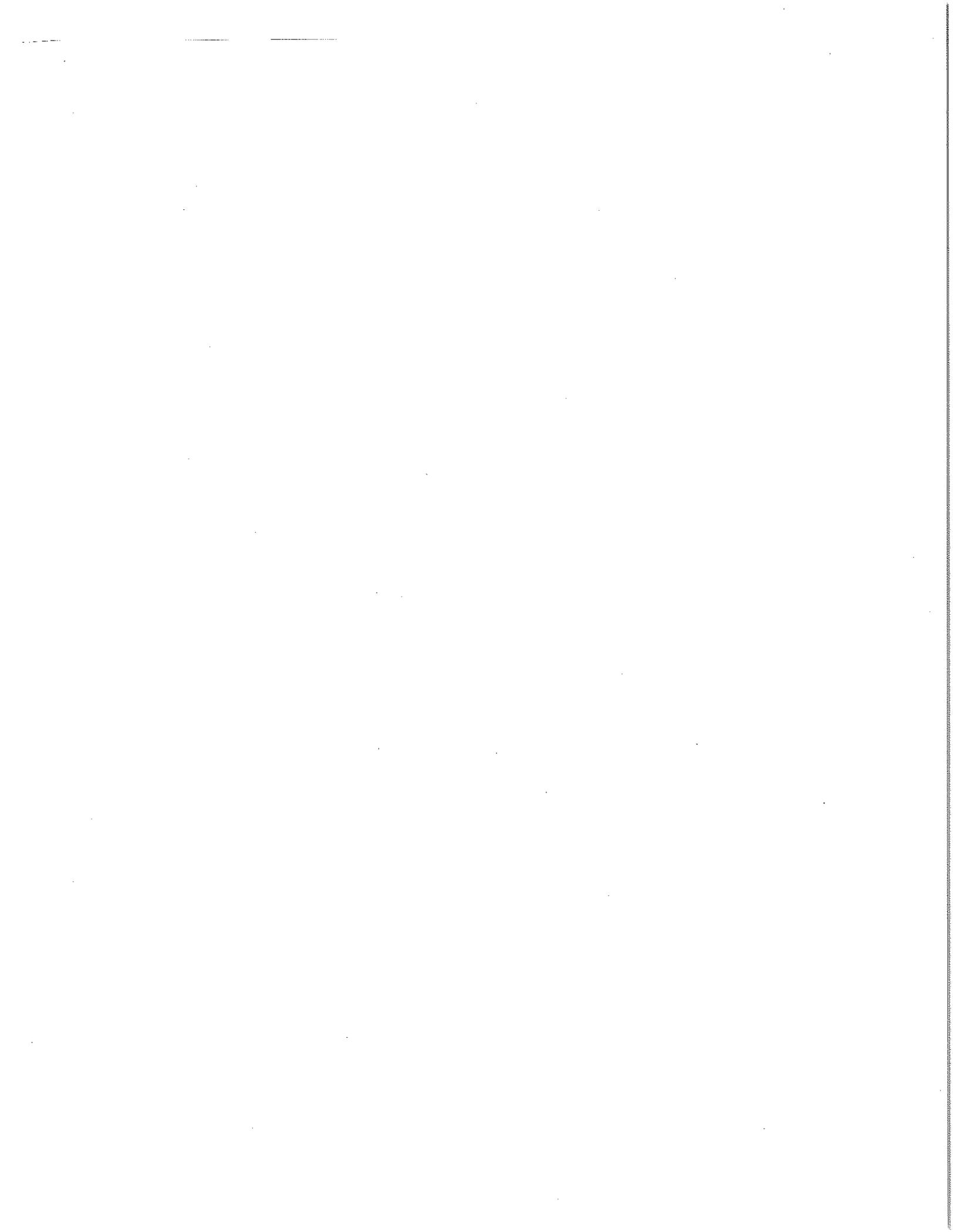
The comment period was open from the filing of the CR-101 on July 27, 2015, until 5:00 p.m. on March 25, 2016.

The written comments in their entirety are available on our website:
<http://dfi.wa.gov/mortgage-brokers/rulemaking>

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

CONCLUSION

DFI made the proposed rule amendments available to all interested parties and published the proposed amendments to the department website along with all rulemaking notices, documents, and the audio of the public meeting. The final proposed rule is 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 208-660-006 “Loan originator”. Proposed language amended to avoid capturing individuals and activities not intended for licensure.
2. WAC 208-660-006 “NMLS”. Proposed language amended to make the definition of NMLS consistent with its use across various industries.
3. WAC 208-660-155(10). Proposed language amended to remove a signature requirement.
4. WAC 208-660-300(13). Proposed language amended to clarify that certain designated brokers can supervise loan processors.
5. WAC 208-660-410(20) and (25). Proposed language amended to be consistent with the federal forms. (29)(b) proposed language amended to clarify the settlement statement referenced may be the applicable settlement statement under the integrated TILA-RESPA disclosures or a final HUD-1.
4. WAC 208-660-430(1)(b). Proposed language amended to require the licensee to maintain copies of agreements with lenders detailing the provision of disclosures. (2), (3)(b) and (e), and (9) proposed language amended to properly identify the federal forms. (12)(a) and (16)(d) proposed language amended to clarify the settlement statement referenced may be the applicable settlement statement under the integrated TILA-RESPA disclosures or a final HUD-1.
5. WAC 208-660-440(11). Because of an internal consistency with another rule not subject to this rulemaking, the proposed language was stricken.
6. WAC 208-660-470. Proposed language amended to clarify that a licensee may not need to re-disclose a compliant privacy policy when no changes to that policy have occurred – pursuant to an exception in GLBA.

