

**From:** Robert Meunier [<mailto:rmeunier@directorsmortgage.net>]  
**Sent:** Friday, March 25, 2016 9:12 AM  
**To:** Rietchek, Sara (DFI)  
**Subject:** 2015 Mortgage Broker Practices Act Rulemaking

Hi Sarah,

I know the Department of Financial Institutions is nearing the end of their rule making so I wanted to take a moment as a Loan Officer in the industry to highlight a few items that I think need to be addressed. I look forward to hearing back from DFI's review. Thank you for the time.

### **1.WAC 208-660-155 Mortgage brokers – General (10)**

With the implementation of TRID, many lenders now prepare and issue the GFE or LE to the borrower directly, not the MB. Furthermore, the LE can be issued with or without a signature block, and when issued by the lender such version is dictated by them. Federal regulations require these disclosures, initial and revised, be delivered. Signature of receipt is not mandated.

Requested Action: With the broker often being substantially removed from this process, we feel the signature requirement should no longer be required, provided the broker retains documentation showing the GFE/LE's have been delivered.

### **2.WAC 208-660-300 Loan originators – General (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 and place the W2 LP under the direction of the LO, not the MB/DB.

Requested Action: Retain existing language and hierarchy.

### **3. WAC 208-660-410 Trust accounting (20) (ii) and (iii)**

With TRID transactions utilizing a Closing Disclosure, as opposed to the HUD-1 Settlement Statement, there is no identified place for "deposit paid by broker" and "reimbursement to broker for funds advances" to be listed.

If included under Section B. Services Borrower Did Not Shop For on the CD, we foresee tolerance issues arise. While Section J of the CD includes credit, it will not permit the identification of the “deposit paid by broker” and still doesn’t address the “reimbursement to broker for funds advances” issue.

Requested Action: Remove the requirement that these offsetting items be listed on the settlement statement, provided, they are properly labelled in the MB’s trust sub-account.

#### **4.WAC 208-660-410 Trust accounting (25) (a) and (b)**

Without the CD clearly stating “deposit paid by broker” and “reimbursement to broker for funds advances” the part of these sections dealing with “borrower credit” is no longer documentable.

Requested Action: Remove the portion dealing with “loan closing documents” and “applicable settlement statement” showing that credit has been received.

#### **5. WAC 208-660-430 Disclosure requirements.**

(2) and (3)(b) All GFE’s and LE’s are issued in good faith, and utilization of the words “good faith estimate” can cause confusion given use of both the Good Faith Estimate and Loan Estimate.

Requested Action: (3) (b) change “good faith estimate” to read “estimate in good faith.”

#### **6.WAC 208-660-430 Disclosure requirements. (3) (e) and (9)**

Generally, lenders don’t charge a lock-in fee at closing, but treat the deposit, generally non-refundable, as a borrower paid credit at closing. In other words, it is only a fee if the loan doesn’t close. If closed, it would either be listed as a Borrower-Paid Before Closing item (if listed as a charge under Section A), or listed as a (general) credit under Section J.

Requested Action: Additional clarification is required as this generally would not be listed as an additional fee in Section A of the CD.

#### **7.WAC 208-660-440 Advertising.**

(11) Without changing the definition of Advertising this new section changes the historical manner in which DBA’s have been used. The use of DBA’s is a

proven method of conducting business throughout all aspects of America and Washington State. To ensure disclosure and clarification for the borrower, it was decided years ago to require the addition of the NMLS number when using a DBA approved by DFI, which continues to meet borrower and MB/LO needs.

Requiring the use of the company's legal name when using the DBA, is really stating that the legal name and NMLS number are now required on all documents (point of sale literature), advertising materials, signs and other media.

1. Adding this requirement will be costly to existing MB's; and
2. Addition this requirement will cause confusion to borrowers, now wondering if the company has changed or closed; and
3. Under WAC 208-660-350 (22) the MB is no longer required to display the license, hence there must not be a history of borrower confusion or lack of their ability to locate the actual company; and
4. The addition of this requirement runs counter to WAC 208-660-180 (9) where it clearly states that the MB may use the DBA along with either the license name or [NMLS] broker license number; and
5. WAC 208-660-446 includes ample situations where the company's legal name is listed.

Requested Action: Please remove this new sub-paragraph in its entirety.

#### **8. WAC 208-660-700 Mortgage broker commission.**

More than ever, improved communication between the department, licensees and the public should be promoted.

Requested Action: Work with industry to amend the language from "Mortgage Broker Commission" to "Mortgage Broker Committee" for the re-establishment of a forum at lower or no cost to the department that conducts the same activities formerly conducted by the Commission.