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WAC 208-620-232**Can I make a small number of residential mortgage loans without being licensed at the company level?**

Yes. Pursuant to RCW **31.04.025(3)** you may be eligible to make five or fewer residential mortgage loans during a calendar year without holding a company level license. You must apply for and obtain the license waiver for each transaction. If you are eligible for and receive the license waiver, you must comply with certain conditions including the following:

- (1) If you do not provide the borrower with a compliant federal disclosure of the loan terms and conditions and cost of financing, you must provide the buyer with a disclosure prescribed by the director.
- (2) You must comply with the state's usury rate limit. See chapter **19.52** RCW.
- (3) You must follow Washington law if you pursue a foreclosure.

[Statutory Authority: RCW **43.320.040** and **31.04.165**. WSR 19-21-157, § 208-620-232, filed 10/22/19, effective 11/24/19. Statutory Authority: Chapter **43.320** RCW, RCW **31.04.165**. WSR 16-08-026, § 208-620-232, filed 3/30/16, effective 4/30/16. Statutory Authority: RCW **43.320.040** and **31.04.165**. WSR 13-24-024, § 208-620-232, filed 11/22/13, effective 1/1/14.]

EXEMPTIONS:

There are exemptions from licensing at both the company (RCW 31.04.025 and WAC 208-620-104) and individual (WAC 208-620-015) levels.

You are exempt if:

- You are providing loans or extending credit primarily for business, commercial or agricultural purposes. (See RCW 31.04.025(2). This exemption is not available if you secure the loan with a lien on the borrower's primary residence.
- You are carrying financing on raw land, even if that raw land is zoned residential.
- You are carrying the financing on the same home you live in. If you are carrying the financing on the sale of the home you own, but do not live in, you are not exempt from licensure but you may be eligible for a license waiver.
- You are providing loans or extending credit to immediate family members.

RCW 19.52.020 Highest rate permissible—Setup charges. (1)

Except as provided in subsection (4) of this section, any rate of interest shall be legal so long as the rate of interest does not exceed the higher of: (a) Twelve percent per annum; or (b) four percentage points above the equivalent coupon issue yield (as published by the Board of Governors of the Federal Reserve System) of the average bill rate for twenty-six week treasury bills as determined at the first bill market auction conducted during the calendar month immediately preceding the later of (i) the establishment of the interest rate by written agreement of the parties to the contract, or (ii) any adjustment in the interest rate in the case of a written agreement permitting an adjustment in the interest rate. No person shall directly or indirectly take or receive in money, goods, or things in action, or in any other way, any greater interest for the loan or forbearance of any money, goods, or things in action.

(2)(a) In any loan of money in which the funds advanced do not exceed the sum of five hundred dollars, a setup charge may be charged and collected by the lender, and such setup charge shall not be considered interest hereunder.

(b) The setup charge shall not exceed four percent of the amount of funds advanced, or fifteen dollars, whichever is the lesser, except that on loans of under one hundred dollars a minimum not exceeding four dollars may be so charged.

(3) Any loan made pursuant to a commitment to lend at an interest rate permitted at the time the commitment is made shall not be usurious. Credit extended pursuant to an open-end credit agreement upon which interest is computed on the basis of a balance or balances outstanding during a billing cycle shall not be usurious if on any one day during the billing cycle the rate at which interest is charged for the billing cycle is not usurious.

(4)(a) Prejudgment interest charged or collected on medical debt, as defined in RCW 19.16.100, must not exceed nine percent.

(b) For any medical debt for which prejudgment interest has accrued or may be accruing as of July 28, 2019, no prejudgment interest in excess of nine percent shall accrue thereafter. [2019 c 227 § 6; 1989 c 14 § 3; 1985 c 224 § 1; 1981 c 78 § 1; 1967 ex.s. c 23 § 4; 1899 c 80 § 2; RRS § 7300. Prior: 1895 c 136 § 2; 1893 c 20 § 3; Code 1881 § 2369; 1863 p 433 § 2; 1854 p 380 § 2.]

Effective date—1985 c 224: "This act is necessary for the immediate preservation of the public peace, health, and safety, the support of the state government and its existing public institutions, and shall take effect July 1, 1985." [1985 c 224 § 2.]

Severability—1981 c 78: "If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected." [1981 c 78 § 7.]

Severability—Savings—1967 ex.s. c 23: See notes following RCW 19.52.005.

Interest on judgments: RCW 4.56.110.

License Waiver Steps

1. Print the applicable license waiver:
 1. Residential seller financing. Use when you are financing the sale of your non-primary residence.
 2. Third-party residential lending. Use when you are lending money to a borrower to purchase residential real property when the loan will be secured by the property.
 3. Third-party lending. Use when you are lending money to a borrower.
2. Fill out the license waiver, including the declaratory portion at the bottom, and return it to the Department via:
 1. Email to SFWaivers@dfi.wa.gov;
 2. Fax to the attention of Ashley Sutherland at (360) 664-2258;
or
 3. Mail a hard copy to the Department at the address at the bottom of this webpage, to the attention of Ashley Sutherland.

Do not provide any other loan documents to the Department.

3. When we receive the license waiver we acknowledge it with a return email with a pdf of the license waiver. Our return email is usually within one business day.
4. Provide the completed license waiver to the escrow company, title company, or attorney, if needed.

For Overnight Delivery:

Department of Financial Institutions

Attn: Ashley Sutherland

Division of Consumer Services

150 Israel Rd SW

Tumwater WA 98501

RESIDENTIAL SELLER FINANCING LICENSE WAIVER

Seller Name: _____

Address: _____

RE: Property Address: _____

Pursuant to RCW 31.04.025(3) the Seller(s) is/are granted a waiver from the licensing provisions of the Consumer Loan Act (Act), chapter 31.04 RCW. The license waiver is granted only for the specific transaction involving the Property Address above and as described in communications from the parties.

The license waiver is applicable only to the requirement to license in order to conduct activities subject to the Act, including servicing the residential mortgage loan. The Department of Financial Institutions (Department) otherwise retains its jurisdiction over the transaction. Persons operating under a license waiver are subject to entry and examination by the Department to verify eligibility for the license waiver and to conduct examinations or investigations as permitted by the Act. As to the servicing activity, the Department specifically reserves the right to withdraw the license waiver's applicability to that activity and compel either licensing or cessation of the activity based on the circumstances. Such circumstances might include, but are not limited to, the receipt by the Department of complaints about the servicing activity.

The license waiver is conditioned on the accuracy and completeness of the information provided and is valid only upon the following additional conditions:

1. If you do not provide the borrower with a compliant disclosure under Regulation Z (12 CFR 1026), you must provide the buyer with a disclosure summary of the loan's material terms and conditions. Access the link below to print, complete, and provide the applicable disclosure to the borrower. If a section of the disclosure is not applicable, write "N/A". You may provide the required information in your own format.

<http://dfi.wa.gov/cs/seller-financing.htm>

2. In order to foreclose you must follow the specific foreclosure process set forth in chapter 61.24 RCW or as otherwise required by Washington law.
3. The license waiver is not available for loans above the state's usury limit of twelve percent.

Obtaining and complying with this license waiver from state law may not meet the requirements under the federal Truth in Lending Act as implemented by Section 1026.36 of Regulation Z (12 CFR 1026). It is your responsibility to determine applicability of that law to your transaction. We encourage you to consult with an attorney.

ATTESTATION

I, _____ [Printed Name], declare:

1. I am not in the business of financing residential mortgage loans.
2. I have not received five Residential Seller Financing License Waivers from the Department of Financial Institutions prior to this one during this calendar year.
3. I have not constructed or acted as a contractor for the construction of the residence identified above in the ordinary course of my business.

I declare under penalty of perjury under the laws of the state of Washington that the foregoing is true and correct.

Dated this ___ day of _____, 202__ in _____ [City], _____ [State]

_____ [Signature] _____ [Telephone Number]

Obtaining and complying with this license waiver from state law may not meet the requirements under the federal Truth in Lending Act as implemented by Section 1026.36 of Regulation Z (12 CFR 1026). It is your responsibility to determine applicability of that law to your transaction. We encourage you to consult with an attorney.

RESIDENTIAL DISCLOSURE SUMMARY – FIXED RATE LOAN

Date ____ / ____ / ____

Seller:

Borrower:

Property Address:

Mortgage Term (# of monthly payments)

Loan Amount:

\$ _____

Interest Rate:

Principal & Interest Payment:

\$ _____

per month

Fees(describe)

\$ _____

\$ _____

Other conditions of your loan:

Yes No

- Your interest rate is locked
- Your loan has a penalty if you pay off your mortgage early
- Your loan has a balloon payment due on: _____

Other:

RESIDENTIAL DISCLOSURE SUMMARY – VARIABLE RATE LOAN

Date / /

Seller:

Borrower(s):

Property Address:

Mortgage Term (# of monthly payments):

Loan Amount:

\$ _____

Fees(describe)

\$ _____

\$ _____

Interest Rates & Principal & Interest Payments:

Rate

**Monthly
Payment**

Caps (Initial, Subsequent and Lifetime adjustment limits): _____
 (e.g. 1/1/5, 2/2/5 and 5/2/5 are common. 5/2/5 is used when the initial introductory rate lasts longer than three years.)

Index (e.g. 1 yr. T-Bill, 1 yr. LIBOR, etc.): _____	Initial _____ %	\$ _____
	Fully Indexed: _____ %	\$ _____
Margin (add to the index to yield the rate): _____	Maximum: _____ %	\$ _____

Date of First Interest Rate Adjustment: _____

Date and Timing of Subsequent Adjustments: _____

Other conditions of your loan:

Yes No

- Your interest rate is locked
- Your loan has a penalty if you pay off your mortgage early
- Your loan has a balloon payment due on: _____

Other:

THIRD-PARTY RESIDENTIAL LENDING LICENSE WAIVER

Lender Name: _____

Address: _____

RE: Property Address: _____

LOAN INFORMATION

Amount:	Term:
Interest rate:	<input type="checkbox"/> Fixed or <input type="checkbox"/> Variable rate
Fee amount:	Prepayment penalty amount:
Describe any ability to repay analysis conducted, if any:	
Describe why borrowers are not using traditional financing sources:	

Pursuant to RCW 31.04.025(3) the Lender(s) is/are granted a waiver from the licensing provisions of the Consumer Loan Act (Act), chapter 31.04 RCW. The license waiver is granted only for the specific transaction involving the Property Address above and as described in communications from the parties.

The license waiver is applicable only to the requirement to license in order to conduct activities subject to the Act, including servicing the residential mortgage loan. The Department of Financial Institutions (Department) otherwise retains its jurisdiction over the transaction. Persons operating under a license waiver are subject to entry and examination by the Department to verify eligibility for the license waiver and to conduct examinations or investigations as permitted by the Act.

The license waiver is conditioned on the accuracy and completeness of the information provided and is valid only upon the following additional conditions:

1. If you do not provide the borrower with a compliant disclosure under Regulation Z (12 CFR 1026), you must provide the buyer with a disclosure summary of the loan’s material terms and conditions. Access the link below to print, complete, and provide the applicable disclosure to the borrower. If a section of the disclosure is not applicable, write “N/A”. You may provide the required information in your own format.

<http://dfi.wa.gov/cs/seller-financing.htm>

Obtaining and complying with this license waiver from state law may not meet the requirements under the federal Truth in Lending Act as implemented by Section 1026.36 of Regulation Z (12 CFR 1026). It is your responsibility to determine applicability of that law to your transaction. We encourage you to consult with an attorney.

2. In order to foreclose you must follow the specific foreclosure process set forth in chapter 61.24 RCW or as otherwise required by Washington law.
3. The license waiver is not available for loans above the state's usury limit of twelve percent.

ATTESTATION

I, _____ [Printed Name], declare:

1. I am not in the business of financing residential mortgage loans.
2. I have not received five Third-Party Residential Lender License Waivers from the Department of Financial Institutions prior to this one during this calendar year.
3. I have not constructed or acted as a contractor for the construction of the residence identified above in the ordinary course of my business.

I declare under penalty of perjury under the laws of the state of Washington that the foregoing is true and correct.

Dated this ___ day of _____, 202__ in _____ [City], _____ [State]

_____ [Signature] _____ [Telephone Number]

THIRD-PARTY CONSUMER LENDING LICENSE WAIVER

Lender Name: _____

Address: _____

RE: _____ [borrower last name]

LOAN INFORMATION

Amount:	Term:
Interest rate:	<input type="checkbox"/> Fixed or <input type="checkbox"/> Variable Rate
Fee amount:	Prepayment penalty amount:
<input type="checkbox"/> Unsecured or <input type="checkbox"/> Secured by:	
Describe any ability to repay analysis conducted, if any:	
Describe why borrowers are not using traditional financing sources:	

Pursuant to RCW 31.04.025(3) the Lender(s) is/are granted a waiver from the licensing provisions of the Consumer Loan Act (Act), chapter 31.04 RCW. The license waiver is granted only for the specific transaction identified in this waiver.

License waivers are limited to the licensing requirements of the Act. The Department of Financial Institutions (Department) retains its jurisdiction over the transaction. Persons operating under a license waiver are subject to entry and examination by the Department to verify eligibility for the license waiver and to conduct examinations or investigations as permitted by the Act.

The license waiver is conditioned on the accuracy and completeness of the information provided and is valid only upon the following additional conditions:

1. The license waiver is not available for loans above the state's usury limit of twelve percent.

Obtaining and complying with this license waiver from state law may not meet the requirements under the federal Truth in Lending Act as implemented by Section 1026.36 of Regulation Z (12 CFR 1026). It is your responsibility to determine applicability of that law to your transaction. We encourage you to consult with an attorney.

ATTESTATION

I, _____ [Printed Name], declare:

1. I am not in the business of financing consumer loans.
2. I have not received five Third-Party Consumer Lender License Waivers from the Department of Financial Institutions prior to this one during this calendar year.

I declare under penalty of perjury under the laws of the state of Washington that the foregoing is true and correct.

Dated this ___ day of _____, 202__ in _____ [City], _____ [State]

_____ [Signature] _____ [Telephone Number]