



State of Washington

DEPARTMENT OF FINANCIAL INSTITUTIONS

P.O. Box 41200 • Olympia, Washington 98504-1200

Telephone (360) 902-8700 • TDD (360) 664-8126 • FAX (360) 586-5068 • <http://www.dfi.wa.gov>

Summary of Mortgage Broker Practices Act Regulations

Provided below is an overview of the regulations you must comply with when holding a mortgage broker license in the state of Washington. This is not intended to be a comprehensive list of all applicable rules and regulations, but is meant to give licensees an idea of the many aspects of compliance which are expected under this license type.

All licensees must know and comply with the law, [RCW 19.146](#), and the rules that implement that law, [WAC 208-660](#). Please read these requirements.

- ❖ For surety bond or bond substitute purposes, please take note of [WAC 208-660-175](#) and [208-660-176](#).
 - These rules outline the requirements for surety bonds or bond substitutes. Bond amounts change annually and range from \$20,000 to \$60,000 based on the volume of loans originated in Washington during the previous year. Mortgage brokers who only provide residential mortgage loan modification services have an annual bond of \$20,000. The rules also outline the alternatives to maintaining a bond if a bond is not reasonably available due to the insurance market or other product availability issues.
- ❖ For requirements relating to designated brokers, please take note of [WAC 208-660-250](#), [208-660-260](#), and [208-660-270](#).
 - These rules discuss who can be a designated broker (DB) and the requirements for applying to become a DB. A DB must be at least 18 years old, have a high school diploma or 2 years industry experience, at least 2 years lending or originating experience, and demonstrate financial responsibility, character, and general fitness. In addition, the DB must take and pass the DB test before applying for a license. A DB may work for more than one licensee with approval from the director. A DB who wishes to originate loans must also have a loan originator license. A DB must take 9 hours of continuing education classes a year, including 2 hours of ethics credits.
- ❖ For trust account purposes, please take note of [WAC 208-660-410](#).
 - This rule outlines the requirement to maintain a trust account when funds are received from a borrower, or on behalf of a borrower, for payments to third-party providers. It also explains what trust account books and records must be maintained.
- ❖ For recordkeeping purposes, please take note of [WAC 208-660-450](#).
 - This rule outlines some of the specific mortgage transaction records you must maintain, including all loan applications, rate sheets, correspondence, written disclosures, rate lock agreements, settlement statements, and mortgage broker contracts with lenders. In addition, you must keep a full accounting of all funds received in connection with loans, including trust account statements and records of any fees refunded to applicants for loans that did not close.
 - You must also keep records relating to advertisements, trust accounts, and other information relating to the mortgage broker operation.

STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF CONSUMER SERVICES
Summary of MBPA regulations - Page 2

- ❖ For advertising purposes, please take note of [WAC 208-660-440](#), [208-660-445](#), and [208-660-446](#).
 - These rules outline the requirements a company must comply with when advertising, including electronic advertising, under the Mortgage Broker Practices Act. A mortgage broker is responsible for ensuring the accuracy and reliability of all advertising material. Advertisements must not be unfair or deceptive; some examples include: advertising that suggest the company is, or is affiliated with, the government; advertisements that use the borrower's current loan information without prominently disclosing the source of the information; advertising rates as "lowest" or "best"; and advertising that third-party services are "free." URLs must take users directly to the company's home web page OR must contain the company's license name. Web sites must also include the company's name and license number, a link to the NMLS consumer access web site for the company, and, if naming loan originators, must include the loan originators license number.
- ❖ For Annual Assessment purposes, please take note of [WAC 208-660-550](#).
 - Mortgage brokers must pay \$530 a year, per location, as an annual assessment. In addition, if the annual assessment is late, an additional \$265 will be added to the annual assessment fee.

The Department will ensure compliance with all regulations by conducting periodic examinations, as authorized under [WAC 208-660-510](#). If the examination is a referral from enforcement or you are an out-of-state licensee you must pay for examinations at the rate of \$48 an hour (plus travel expenses for out-of-state licensees) as outlined in [WAC 208-660-550](#).

If you have any questions regarding the Washington Mortgage Broker Practices Act referenced above, please feel free to contact the Washington DFI Consumer Services Division at (360) 902-8703, or DCS@dfi.wa.gov.