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Sent: Thursday, March 24, 2016 5:48 PM

To: Rietchek, Sara (DFI)

Subject: Wa. Mortgage Industry - CALL TO ACTION - DFI Rulemaking Deadline

Importance: High

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.

I would like to respectfully point out that the intended purpose for ALL of these rules was to be a benefit to the consumer. In life sometimes we need to take a look at the unintended consequences of our actions and I would like to politely ask you to consider the following. Since its inception TRID has cost the borrowers a minimum of \$200.00 additionally per loan and great inconvenience according to a study by the MBA. I personally have had multiple borrowers express disbelief that they cannot sign a document to waive the three day waiting period to fund their purchase. Washington State is also one of the few wet states in the US that require the documents to be in our hands before funding. Why do we need this 3 day waiting period if the consumers do not want it? In addition, all this regulation from HVCC to TRID has raised the costs to do a mortgage loan substantially. You have the added costs of the appraisal management company. An appraisal that used to cost \$425.00 now starts at \$575.00. Lenders have had to add a \$995.00 processing fee to pay the people to shuffle the additional paperwork to stay in compliance. We have had major lenders leaving the business left and right because mortgage banking is no longer profitable! Wells Fargo being hit with record fines has decided they have had enough and are heading for the door. Then because of the ridiculously tight requirements lenders are unable to sell the loans off their warehouse lines of credit. W.J. Bradley just shut down for this very reason. I mean we are talking about WJ BRADLEY...a majorly huge player that has just said, "**enough of this...we are done**" and are leaving the business. That's one less choice for the consumer! In 2010, 2011, and 2012 money for mortgages all but dried up. WHY, because the CFPB told the banks that they were **not sure** what the rules were going to be but they reserved the right to retroactively prosecute once the rules were decided upon. Who would lend in that environment? The same thing is happening

again. We are not being told exactly what we can and what we can't do. There is a lot of gray area's and that means that well intentioned lenders who think they are doing everything right could find themselves on the verge of being put out of business because of overzealous enforcement. Business cannot survive in this atmosphere. Please...for the good of all...consult those whom you regulate. We are 100% willing to follow the rules and work with you but it very much feels like there is a part of the CFPB/WA State DFI that believes only in punitive measures and how hard can we hit em!