
SUBSTITUTE HOUSE BILL 1440

State of Washington

65th Legislature

2017 Regular Session

By House Higher Education (originally sponsored by Representatives Stonier, Stambaugh, Hudgins, Johnson, Ortiz-Self, Stokesbary, Sells, Jinkins, Ryu, Appleton, Pollet, Senn, Peterson, Kilduff, Bergquist, Stanford, Frame, Slatter, and Dolan; by request of Attorney General)

READ FIRST TIME 02/16/17.

1 AN ACT Relating to establishing a student loan bill of rights;
2 amending RCW 43.320.110, 31.04.027, 31.04.035, 31.04.093, 31.04.102,
3 31.04.145, 31.04.165, 31.04.277, and 31.04.310; reenacting and
4 amending RCW 31.04.015; adding new sections to chapter 28B.77 RCW;
5 adding new sections to chapter 31.04 RCW; creating new sections; and
6 providing an effective date.

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

8 NEW SECTION. **Sec. 1.** A new section is added to chapter 28B.77
9 RCW to read as follows:

10 (1) The council shall designate a student education loan ombuds
11 within the office to provide timely assistance to any student
12 education loan borrower with any student education loan.

13 (2) The student education loan ombuds receives and reviews
14 complaints from student education loan borrowers. Complaints
15 regarding student education loan servicers licensed or subject to
16 licensing under chapter 31.04 RCW must be referred to the department
17 of financial institutions. The department of financial institutions
18 investigates complaints received by the ombuds, and from the public
19 who may also submit complaints directly to the department of
20 financial institutions.

1 (3) The student education loan ombuds, in collaboration with the
2 attorney general's office, receives, reviews, and refers to the
3 attorney general's consumer protection division all other complaints
4 from student education loan borrowers regarding student education
5 loan servicers whose activities are not subject to licensure by
6 chapter 31.04 RCW.

7 (4) The student education loan ombuds, the department of
8 financial institutions, and the office of the attorney general shall
9 confer annually regarding the student education loan servicer
10 complaints, the proper referral processes for those complaints, and
11 the reporting requirements of the ombuds under chapter 31.04 RCW and
12 this section.

13 (5) The student education loan ombuds has the following duties:

14 (a) Compile and analyze data on student education loan borrower
15 complaints received and referred to the department of financial
16 institutions and the office of the attorney general;

17 (b) Assist student education loan borrowers in understanding
18 rights and responsibilities under the terms of student education
19 loans, including reviewing the complete student education loan
20 history for any student education loan borrower who has provided
21 written consent for the review;

22 (c) Provide information to the public, agencies, legislators, and
23 others regarding the problems and concerns of student education loan
24 borrowers and make recommendations for resolving those problems and
25 concerns;

26 (d) Analyze and monitor the development and implementation of
27 federal, state, and local laws, rules, regulations, and policies
28 relating to student education loan borrowers and recommend any
29 changes the student education loan ombuds deems necessary;

30 (e) Disseminate information concerning the availability of the
31 student education loan ombuds to assist student education loan
32 borrowers and potential student education loan borrowers, as well as
33 institutions of higher education, student education loan servicers,
34 and any other participant in student education loan lending, with any
35 student education loan concerns; and

36 (f) Take any other actions necessary to fulfill the duties of the
37 student education loan ombuds as provided in chapter 31.04 RCW and
38 this section.

39 (6) By October 1, 2019, the student education loan ombuds shall
40 establish and maintain a student education loan borrower education

1 course that includes educational presentations and materials
2 regarding issues surrounding student education loans. The course must
3 include, but not be limited to, key loan terms, documentation
4 requirements, monthly payment obligations, income-based repayment
5 options, loan forgiveness, disclosure requirements, information on
6 how to find employment and earnings outcomes relevant to the
7 borrower's program of study, federal gainful employment regulations,
8 and specific benefits and options for military service members and
9 veterans.

10 (7) By December 31, 2019, the council shall submit a report to
11 the appropriate committees of the legislature having jurisdiction
12 over matters relating to financial institutions and higher education.
13 The council shall report on: (a) The implementation of this section;
14 (b) the overall effectiveness of the student education loan ombuds
15 position; and (c) the types of complaints received regarding student
16 education loan borrowing, student education loan repayments and
17 servicing, and how these complaints are resolved.

18 NEW SECTION. **Sec. 2.** A new section is added to chapter 31.04
19 RCW to read as follows:

20 (1) The director shall establish fees by rule sufficient to cover
21 the costs of administering the department's program for student
22 education loan servicers and the student achievement council's
23 student education loan ombuds. These fees may include:

24 (a) An annual assessment specified in rule by the director paid
25 by each licensee on or before the annual assessment due date;

26 (b) A late fee for late payment of the annual assessment as
27 specified in rule by the director;

28 (c) Hourly investigation and examination fees to cover the costs
29 of any investigation or examination of the books and records of a
30 licensee or other person subject to this chapter;

31 (d) A nonrefundable application fee to cover the costs of
32 processing license applications made to the director under this
33 chapter;

34 (e) An initial license fee to cover the period from the date of
35 licensure to the end of the calendar year in which the license is
36 initially granted; and

37 (f) A transaction fee or set of transaction fees to cover the
38 administrative costs associated with processing changes in control,

1 changes of address, and other administrative changes as specified in
2 rule by the director.

3 (2) The director shall ensure that when an examination or
4 investigation, or any part of the examination or investigation, of
5 any licensee applicant or person subject to licensing under this
6 chapter requires travel and services outside this state by the
7 director or designee, the licensee applicant or person subject to
8 licensing under this chapter that is the subject of the examination
9 or investigation shall pay the actual travel expenses incurred by the
10 director or designee conducting the examination or investigation.

11 (3) All moneys, fees, and penalties collected for the
12 department's program for student education loan servicing shall be
13 deposited into the financial services regulation fund, except as
14 provided in RCW 43.320.110.

15 **Sec. 3.** RCW 43.320.110 and 2015 3rd sp.s. c 4 s 960 are each
16 amended to read as follows:

17 (1) There is created a local fund known as the "financial
18 services regulation fund" which shall consist of all moneys received
19 by the divisions of the department of financial institutions, except
20 for the division of securities which shall deposit thirteen percent
21 of all moneys received, except as provided in RCW 43.320.115, and
22 which shall be used for the purchase of supplies and necessary
23 equipment; the payment of salaries, wages, and utilities; the
24 establishment of reserves; and other incidental costs required for
25 the proper regulation of individuals and entities subject to
26 regulation by the department. The state treasurer shall be the
27 custodian of the fund. Disbursements from the fund shall be on
28 authorization of the director of financial institutions or the
29 director's designee. In order to maintain an effective expenditure
30 and revenue control, the fund shall be subject in all respects to
31 chapter 43.88 RCW, but no appropriation is required to permit
32 expenditures and payment of obligations from the fund.

33 During the 2015-2017 fiscal biennium, the legislature may
34 transfer from the financial services regulation fund to the state
35 general fund such amounts as reflect the excess fund balance of the
36 fund. During the 2015-2017 fiscal biennium, moneys from the financial
37 services regulation fund may be appropriated for the family
38 prosperity account program at the department of commerce and for the
39 operations of the department of revenue.

1 (2)(a) Beginning in the 2019-2020 fiscal year, the state
2 treasurer shall annually transfer from the fund to the student loan
3 ombuds account created in section 4 of this act, the greater of one
4 hundred seventy-five thousand dollars or twenty percent of the annual
5 assessment derived from student education loan servicing.

6 (b) The department must provide information to the state
7 treasurer regarding the amount of the annual assessment derived from
8 student education loan servicing.

9 NEW SECTION. Sec. 4. A new section is added to chapter 28B.77
10 RCW to read as follows:

11 The student education loan ombuds account is created in the
12 custody of the state treasurer. Expenditures from the account may be
13 used only for the purpose of covering the costs of administering the
14 student education loan ombuds account created in section 1 of this
15 act. Only the executive director of the council or the director's
16 designee may authorize expenditures from the account. The account is
17 subject to allotment procedures under chapter 43.88 RCW, but an
18 appropriation is not required for expenditure.

19 NEW SECTION. Sec. 5. A new section is added to chapter 31.04
20 RCW to read as follows:

21 (1) In addition to complying with any applicable federal program
22 requirements, a student education loan servicer must comply with the
23 following requirements:

24 (a) Any fee that is assessed by a servicer must be assessed
25 within forty-five days of the date on which the fee was incurred and
26 must be explained clearly and conspicuously in a statement mailed to
27 the borrower at the borrower's last known address no more than thirty
28 days after assessing the fee, or provided via email if the borrower
29 has assented to receive electronic communications;

30 (b) All amounts received by a servicer on a student education
31 loan at the address where the borrower has been instructed to make
32 payments must be accepted and credited, or treated as credited,
33 within one business day of the date received, provided that the
34 borrower has provided sufficient information to credit the account.
35 If a servicer uses the scheduled method of accounting, any regularly
36 scheduled payment made prior to the scheduled due date must be
37 credited no later than the due date. If any payment is received and
38 not credited, or treated as credited, the borrower must be notified

1 of the disposition of the payment within ten business days by mail at
2 the borrower's last known address. The notification must identify the
3 reason the payment was not credited or treated as credited to the
4 account, as well as any actions the borrower must take to make the
5 student education loan current;

6 (c) The servicer must make reasonable attempts to comply with a
7 borrower's request for information about the student education loan
8 account and to respond to any dispute initiated by the borrower about
9 the loan account. The servicer:

10 (i) Must maintain written or electronic records of each written
11 request for information regarding a dispute or error involving the
12 borrower's account until the student education loan is paid in full,
13 sold, or otherwise satisfied; and

14 (ii) Must provide a written statement to the borrower within
15 fifteen business days of receipt of a written request from the
16 borrower. The borrower's request must include the name and account
17 number, if any, of the borrower, a statement that the account is or
18 may be in error, and sufficient detail regarding the information
19 sought by the borrower to permit the servicer to comply. At a
20 minimum, the servicer's response to the borrower's request must
21 include the following information:

22 (A) Whether the account is current or, if the account is not
23 current, an explanation of the default and the date the account went
24 into default;

25 (B) The current balance due on the student education loan,
26 including the principal due, the amount of funds, if any, held in a
27 suspense account, if any, and whether there are any shortages known
28 to the servicer;

29 (C) The identity, address, and other relevant information about
30 the current holder, owner, or assignee of the student education loan;
31 and

32 (D) The telephone number and mailing address of a servicer
33 representative with the information and authority to answer questions
34 and resolve disputes; and

35 (d) Promptly correct any errors and refund any fees assessed to
36 the borrower resulting from the servicer's error.

37 (2) In addition, a borrower may request more detailed information
38 from a servicer, and the servicer must provide the information within
39 fifteen business days of receipt of a written request from the
40 borrower. The request must include the name and account number, if

1 any, of the borrower, a statement that the account is or may be in
2 error, and provide sufficient detail to the servicer regarding
3 information sought by the borrower. If requested by the borrower this
4 statement must include:

5 (a) A copy of the original note, or if unavailable, an affidavit
6 of lost note; and

7 (b) A statement that identifies and itemizes all fees and charges
8 assessed under the loan transaction and provides a full payment
9 history identifying in a clear and conspicuous manner all of the
10 debits, credits, application of and disbursement of all payments
11 received from or for the benefit of the borrower, and other activity
12 on the student education loan including suspense account activity, if
13 any. The period of the account history must cover at a minimum the
14 two-year period prior to the date of the receipt of the request for
15 information. If the servicer has not serviced the student education
16 loan for the entire two-year time period the servicer must provide
17 the information going back to the date on which the servicer began
18 servicing the loan, and identify the previous servicer, if known. If
19 the servicer claims that any delinquent or outstanding sums are owed
20 on the loan prior to the two-year period or the period during which
21 the servicer has serviced the student education loan, the servicer
22 must provide an account history beginning with the month that the
23 servicer claims any outstanding sums are owed on the student
24 education loan up to the date of the request for the information. The
25 borrower may request annually one statement free of charge.

26 (3) When acquiring servicing rights from another servicer, a
27 transferring servicer must:

28 (a) Notify the student education loan borrowers no more than
29 sixty days and no less than forty-five days before the effective date
30 of the transfer of the students' loans to provide them with:

31 (i) The effective date of the transfer of servicing, and the date
32 at which the receiving servicer will begin to accept payments
33 relating to the loan, if different;

34 (ii) The name, address, and toll-free telephone number for both
35 the transferring and receiving servicers' designated points of
36 contact at which the borrower can obtain answers to inquiries;

37 (iii) A statement that the transfer of servicing does not affect
38 any term or condition of the student education loan other than the
39 entity servicing the loan;

1 (iv) Information about how to obtain a payment history from both
2 the transferring or receiving servicer;

3 (v) A notification indicating whether an alternative repayment
4 plan or loan consolidation application is pending; and

5 (vi) Information about how to submit a complaint to the United
6 States department of education and the student education loan ombuds
7 in the event of a servicing error; and

8 (b) Continue processing loan modification requests received by
9 you or the transferring servicer during the transfer process.

10 (4) When transferring or selling the servicing of loans a
11 transferring servicer must:

12 (a) Notify the student education loan borrowers no more than
13 sixty days and no less than forty-five days before the effective date
14 of the transfer of the students' loans to provide them with:

15 (i) The effective date of the transfer of servicing, and the date
16 at which the transferring servicer will no longer accept payments
17 relating to the loan, if different;

18 (ii) The name, address, and toll-free telephone number for the
19 transferring and receiving servicers' designated points of contact at
20 which the borrower can obtain answers to inquiries; and

21 (iii) A statement that the transfer of servicing does not affect
22 any term or condition of the student education loan other than the
23 entity servicing the loan; and

24 (b) Inform the receiving servicer if a loan modification request
25 is pending.

26 (5) Licensees shall provide, free of charge on the licensee's web
27 site, information or links to information regarding repayment and
28 loan forgiveness options that may be available to borrowers, as well
29 as the availability of the student education loan ombuds to provide
30 assistance. This information or these links shall be provided via
31 written correspondence or email at least once per calendar year.

32 (6) In addition to keeping books and records in compliance with
33 this chapter and section 1 of this act, licensees shall collect,
34 maintain, and report to the department specific information about the
35 loans in the licensee's portfolio. Such information shall include,
36 but not be limited by: Loan volume, default, refinance and
37 modification information, loan type (subsidized, deferred, etc.)
38 information, and collection practices.

39 (7) The director may adopt all rules necessary to implement this
40 section. The director may, at his or her discretion, waive

1 applicability of the provisions of this section when the director
2 determines it necessary to facilitate commerce and protect consumers.

3 NEW SECTION. **Sec. 6.** A new section is added to chapter 31.04
4 RCW to read as follows:

5 A student education loan servicer licensee must maintain
6 liquidity, operating reserves, and a tangible net worth in accordance
7 with generally accepted accounting principles as determined by the
8 director. The director may adopt rules to implement this section.

9 NEW SECTION. **Sec. 7.** A new section is added to chapter 31.04
10 RCW to read as follows:

11 (1) In addition to complying with federal and state law,
12 including all requirements under chapter 18.28 RCW and this chapter,
13 any person providing third-party student education loan modification
14 services must:

15 (a) Provide a written disclosure summary in a form to be
16 prescribed by the department;

17 (b) Not charge or receive any money or other valuable
18 consideration prior to full and complete performance of the services
19 the person has agreed to perform for the borrower;

20 (c) Not charge total fees in excess of usual and customary
21 charges, or total fees that are not reasonable in light of the
22 service provided; and

23 (d) Immediately inform the borrower in writing if the owner or
24 servicer of the student education loan requires additional
25 information or documentation from the borrower, or if it becomes
26 apparent that a modification, refinancing, consolidation, or change
27 in repayment plans on the student education loan is not possible.

28 (2) As a condition for providing third-party student education
29 loan modification services, a person providing the services shall
30 not:

31 (a) Require or encourage a borrower to sign a waiver of his or
32 her legal defenses, counterclaims, and other legal rights against the
33 person for future acts;

34 (b) Represent, expressly or by implication, that funds paid to
35 the person providing third-party student education loan modification
36 services will be applied to the borrower's student education loan
37 balance;

1 (c) Require or encourage a borrower to waive his or her right to
2 receive notice before the owner or servicer of the loan initiates
3 collection proceedings;

4 (d) Require or encourage a borrower to agree to pay charges not
5 enumerated in any agreement between the borrower and the lender,
6 servicer, or owner of the loan;

7 (e) Require or encourage a borrower to:

8 (i) Cease communication with the lender, investor, loan servicer,
9 or United States department of education; or

10 (ii) Change his or her contact information to that of the third-
11 party education loan servicer or any other third party;

12 (f) Misrepresent, expressly or by implication, the availability,
13 performance, cost, or characteristics of any alternative to for-
14 profit third-party student education loan modification services
15 through which the consumer can obtain assistance with refinancing of,
16 consolidation of, or change of repayment plans for a student
17 education loan, including communicating directly with the servicer,
18 applying through or communicating with the United States department
19 of education, communicating with any other government agency, or
20 using any nonprofit agency or program;

21 (g) Misrepresent, expressly or by implication, the amount of
22 money or the percentage of the debt amount a student education loan
23 borrower may save by engaging the person's third-party student
24 education loan modification services;

25 (h) Misrepresent, expressly or by implication, the total cost to
26 purchase the third-party student education loan modification
27 services;

28 (i) Misrepresent, expressly or by implication, the terms,
29 conditions, limitations, contingencies, or requirements to reapply or
30 recertify eligibility for any refinancing of, consolidation of, or
31 change of repayment plans for a student education loan;

32 (j) Misrepresent, expressly or by implication, any affiliation,
33 connection, or relationship with the United States department of
34 education or its contracted entities;

35 (k) Change a borrower's login information, personal
36 identification number, or contact information on file with a servicer
37 or the United States department of education, including without
38 limitation telephone number, address, and email address.

39 (3) In any inconsistency between this chapter and chapter 18.28
40 RCW, this chapter shall control.

1 **Sec. 8.** RCW 31.04.015 and 2015 c 229 s 19 are each reenacted and
2 amended to read as follows:

3 The definitions set forth in this section apply throughout this
4 chapter unless the context clearly requires a different meaning.

5 (1) "Add-on method" means the method of precomputing interest
6 payable on a loan whereby the interest to be earned is added to the
7 principal balance and the total plus any charges allowed under this
8 chapter is stated as the loan amount, without further provision for
9 the payment of interest except for failure to pay according to loan
10 terms. The director may adopt by rule a more detailed explanation of
11 the meaning and use of this method.

12 (2) "Affiliate" means any person who, directly or indirectly
13 through one or more intermediaries, controls, or is controlled by, or
14 is under common control with another person.

15 (3) "Applicant" means a person applying for a license under this
16 chapter.

17 (4) "Borrower" means any person who consults with or retains a
18 licensee or person subject to this chapter in an effort to obtain, or
19 who seeks information about obtaining a loan, regardless of whether
20 that person actually obtains such a loan. "Borrower" includes a
21 person who consults with or retains a licensee or person subject to
22 this chapter in an effort to obtain, or who seeks information about
23 obtaining a residential mortgage loan modification, regardless of
24 whether that person actually obtains a residential mortgage loan
25 modification.

26 (5) "Department" means the state department of financial
27 institutions.

28 (6) "Depository institution" has the same meaning as in section 3
29 of the federal deposit insurance act on July 26, 2009, and includes
30 credit unions.

31 (7) "Director" means the director of financial institutions.

32 (8) "Educational institution" means any entity that is a degree-
33 granting institution as defined in RCW 28B.85.010, a private
34 vocational school as defined in RCW 28C.10.020, or school as defined
35 in RCW 18.16.020.

36 (9) "Federal banking agencies" means the board of governors of
37 the federal reserve system, comptroller of the currency, director of
38 the office of thrift supervision, national credit union
39 administration, and federal deposit insurance corporation.

1 (~~(9)~~) (10) "Individual servicing a mortgage loan" means a
2 person on behalf of a lender or servicer licensed by this state, who
3 collects or receives payments including payments of principal,
4 interest, escrow amounts, and other amounts due, on existing
5 obligations due and owing to the licensed lender or servicer for a
6 residential mortgage loan when the borrower is in default, or in
7 reasonably foreseeable likelihood of default, working with the
8 borrower and the licensed lender or servicer, collects data and makes
9 decisions necessary to modify either temporarily or permanently
10 certain terms of those obligations, or otherwise finalizing
11 collection through the foreclosure process.

12 (~~(10)~~) (11) "Insurance" means life insurance, disability
13 insurance, property insurance, involuntary unemployment insurance,
14 and such other insurance as may be authorized by the insurance
15 commissioner.

16 (~~(11)~~) (12) "License" means a single license issued under the
17 authority of this chapter.

18 (~~(12)~~) (13) "Licensee" means a person to whom one or more
19 licenses have been issued. "Licensee" also means any person, whether
20 located within or outside of this state, who fails to obtain a
21 license required by this chapter.

22 (~~(13)~~) (14) "Loan" means a sum of money lent at interest or for
23 a fee or other charge and includes both open-end and closed-end loan
24 transactions.

25 (~~(14)~~) (15) "Loan processor or underwriter" means an individual
26 who performs clerical or support duties as an employee at the
27 direction of and subject to the supervision and instruction of a
28 person licensed, or exempt from licensing, under this chapter.

29 (~~(15)~~) (16) "Making a loan" means advancing, offering to
30 advance, or making a commitment to advance funds to a borrower for a
31 loan.

32 (~~(16)~~) (17) "Mortgage broker" means the same as defined in RCW
33 19.146.010, except that for purposes of this chapter, a licensee or
34 person subject to this chapter cannot receive compensation as both a
35 consumer loan licensee making the loan and as a consumer loan
36 licensee acting as the mortgage broker in the same loan transaction.

37 (~~(17)~~) (18)(a) "Mortgage loan originator" means an individual
38 who for compensation or gain (i) takes a residential mortgage loan
39 application, or (ii) offers or negotiates terms of a residential
40 mortgage loan. "Mortgage loan originator" also includes individuals

1 who hold themselves out to the public as able to perform any of these
2 activities. "Mortgage loan originator" does not include any
3 individual who performs purely administrative or clerical tasks; and
4 does not include a person or entity solely involved in extensions of
5 credit relating to timeshare plans, as that term is defined in
6 section 101(53D) of Title 11, United States Code. For the purposes of
7 this definition, administrative or clerical tasks means the receipt,
8 collection, and distribution of information common for the processing
9 of a loan in the mortgage industry and communication with a consumer
10 to obtain information necessary for the processing of a residential
11 mortgage loan.

12 (b) "Mortgage loan originator" also includes an individual who
13 for direct or indirect compensation or gain performs residential
14 mortgage loan modification services or holds himself or herself out
15 as being able to perform residential mortgage loan modification
16 services.

17 (c) "Mortgage loan originator" does not include a person or
18 entity that only performs real estate brokerage activities and is
19 licensed or registered in accordance with applicable state law,
20 unless the person or entity is compensated by a lender, a mortgage
21 broker, or other mortgage loan originator or by any agent of such a
22 lender, mortgage broker, or other mortgage loan originator. For the
23 purposes of chapter 120, Laws of 2009, the term "real estate
24 brokerage activity" means any activity that involves offering or
25 providing real estate brokerage services to the public, including:

26 (i) Acting as a real estate agent or real estate broker for a
27 buyer, seller, lessor, or lessee of real property;

28 (ii) Bringing together parties interested in the sale, purchase,
29 lease, rental, or exchange of real property;

30 (iii) Negotiating, on behalf of any party, any portion of a
31 contract relating to the sale, purchase, lease, rental, or exchange
32 of real property, other than in connection with providing financing
33 with respect to such a transaction;

34 (iv) Engaging in any activity for which a person engaged in the
35 activity is required to be registered or licensed as a real estate
36 agent or real estate broker under any applicable law; and

37 (v) Offering to engage in any activity, or act in any capacity,
38 described in (c)(i) through (iv) of this subsection.

39 (d) This subsection does not apply to employees of a housing
40 counseling agency approved by the United States department of housing

1 and urban development unless the employees of a housing counseling
2 agency are required under federal law to be individually licensed as
3 mortgage loan originators.

4 ~~((18))~~ (19) "Nationwide mortgage licensing system" means a
5 licensing system developed and maintained by the conference of state
6 bank supervisors for licensing and registration.

7 ~~((19))~~ (20) "Officer" means an official appointed by the
8 company for the purpose of making business decisions or corporate
9 decisions.

10 ~~((20))~~ (21) "Person" includes individuals, partnerships,
11 associations, limited liability companies, limited liability
12 partnerships, trusts, corporations, and all other legal entities.

13 ~~((21))~~ (22) "Principal" means any person who controls, directly
14 or indirectly through one or more intermediaries, alone or in concert
15 with others, a ten percent or greater interest in a partnership;
16 company; association or corporation; or a limited liability company,
17 and the owner of a sole proprietorship.

18 ~~((22))~~ (23) "Registered mortgage loan originator" means any
19 individual who meets the definition of mortgage loan originator and
20 is an employee of a depository institution; a subsidiary that is
21 owned and controlled by a depository institution and regulated by a
22 federal banking agency; or an institution regulated by the farm
23 credit administration and is registered with, and maintains a unique
24 identifier through, the nationwide mortgage licensing system.

25 ~~((23))~~ (24) "Residential mortgage loan" means any loan
26 primarily for personal, family, or household use that is secured by a
27 mortgage, deed of trust, or other consensual security interest on a
28 dwelling, as defined in the truth in lending act, or residential real
29 estate upon which is constructed or intended to be constructed a
30 dwelling.

31 ~~((24))~~ (25) "Residential mortgage loan modification" means a
32 change in one or more of a residential mortgage loan's terms or
33 conditions. Changes to a residential mortgage loan's terms or
34 conditions include but are not limited to forbearances; repayment
35 plans; changes in interest rates, loan terms, or loan types;
36 capitalizations of arrearages; or principal reductions.

37 ~~((25))~~ (26) "Residential mortgage loan modification services"
38 includes negotiating, attempting to negotiate, arranging, attempting
39 to arrange, or otherwise offering to perform a residential mortgage
40 loan modification for compensation or gain. "Residential mortgage

1 loan modification services" also includes the collection of data for
2 submission to an entity performing mortgage loan modification
3 services.

4 ~~((+26))~~ (27) "S.A.F.E. act" means the secure and fair
5 enforcement for mortgage licensing act of 2008, Title V of the
6 housing and economic recovery act of 2008 ("HERA"), P.L. 110-289,
7 effective July 30, 2008.

8 ~~((+27))~~ (28) "Senior officer" means an officer of a licensee at
9 the vice president level or above.

10 ~~((+28))~~ (29) "Service or servicing a loan" means on behalf of
11 the lender or investor of a residential mortgage loan: (a) Collecting
12 or receiving payments on existing obligations due and owing to the
13 lender or investor, including payments of principal, interest, escrow
14 amounts, and other amounts due; (b) collecting fees due to the
15 servicer; (c) working with the borrower and the licensed lender or
16 servicer to collect data and make decisions necessary to modify
17 certain terms of those obligations either temporarily or permanently;
18 (d) otherwise finalizing collection through the foreclosure process;
19 or (e) servicing a reverse mortgage loan.

20 ~~((+29))~~ (30) "Service or servicing a reverse mortgage loan"
21 means, pursuant to an agreement with the owner of a reverse mortgage
22 loan: Calculating, collecting, or receiving payments of interest or
23 other amounts due; administering advances to the borrower; and
24 providing account statements to the borrower or lender.

25 ~~((+30))~~ (31) "Simple interest method" means the method of
26 computing interest payable on a loan by applying the annual
27 percentage interest rate or its periodic equivalent to the unpaid
28 balances of the principal of the loan outstanding for the time
29 outstanding.

30 (a) On a nonresidential loan each payment is applied first to any
31 unpaid penalties, fees, or charges, then to accumulated interest, and
32 the remainder of the payment applied to the unpaid balance of the
33 principal until paid in full. In using such method, interest must not
34 be payable in advance nor compounded. The prohibition on compounding
35 interest does not apply to reverse mortgage loans made in accordance
36 with the Washington state reverse mortgage act. The director may
37 adopt by rule a more detailed explanation of the meaning and use of
38 this method.

39 (b) On a residential mortgage loan payments are applied as
40 determined in the security instrument.

1 ~~((31))~~ (32) "Student education loan" means any loan solely for
2 personal use to finance postsecondary education and costs of
3 attendance at an educational institution. A student education loan
4 includes a loan made to refinance a student education loan. A student
5 education loan does not include an extension of credit under an open-
6 end consumer credit plan, a reverse mortgage transaction, a
7 residential mortgage transaction, or any other loan that is secured
8 by real property or a dwelling.

9 (33) "Student education loan borrower" means: (a) Any resident of
10 this state who has received or agreed to pay a student education
11 loan; or (b) any person who shares responsibility with such resident
12 for repaying the student education loan.

13 (34) "Student education loan servicer" means any person, wherever
14 located, responsible for the servicing of any student education loan
15 to any student education loan borrower.

16 (35) "Student education loan servicing" or "service a student
17 education loan" means: (a) Receiving any scheduled periodic payments
18 from a student education loan borrower pursuant to the terms of a
19 student education loan; (b) applying the payments of principal and
20 interest and such other payments with respect to the amounts received
21 from a student education loan borrower, as may be required pursuant
22 to the terms of a student education loan; (c) working with the
23 student education loan borrower to collect data, or collecting data,
24 to make decisions to modify the loan; or (d) performing other
25 administrative services with respect to a student education loan
26 including collection activities.

27 (36) "Third-party residential mortgage loan modification
28 services" means residential mortgage loan modification services
29 offered or performed by any person other than the owner or servicer
30 of the loan.

31 ~~((32))~~ (37) "Third-party service provider" means any person
32 other than the licensee or a mortgage broker who provides goods or
33 services to the licensee or borrower in connection with the
34 preparation of the borrower's loan and includes, but is not limited
35 to, credit reporting agencies, real estate brokers or salespersons,
36 title insurance companies and agents, appraisers, structural and pest
37 inspectors, or escrow companies.

38 ~~((33))~~ (38) "Third-party student education loan modification
39 services" means for compensation or other consideration working with
40 the student education loan borrower or his or her representative to

1 collect data or prepare or submit documents, or collecting data and
2 preparing or submitting documents, to modify, refinance, or
3 consolidate the loan, or change repayment plans.

4 (39) "Unique identifier" means a number or other identifier
5 assigned by protocols established by the nationwide mortgage
6 licensing system.

7 NEW SECTION. **Sec. 9.** A new section is added to chapter 31.04
8 RCW to read as follows:

9 (1) The following are subject to the student education loan
10 servicer requirements in this chapter, but are exempt from having to
11 obtain and maintain a license in accordance with this chapter:

12 (a) Trade, technical, vocational, or apprentice programs that
13 teach skills related to a specific job, and postsecondary schools
14 that service their own student education loans;

15 (b) Persons servicing five or fewer student education loans;

16 (c) The United States or any department or agency thereof, to the
17 extent it is servicing student education loans that it originated;
18 and

19 (d) Any state, county, city, or any department or agency thereof,
20 but only to the extent it is servicing student education loans that
21 it originated.

22 (2) The department may refer to the attorney general's consumer
23 protection division complaints regarding entities subject to this
24 section.

25 **Sec. 10.** RCW 31.04.027 and 2015 c 229 s 21 are each amended to
26 read as follows:

27 (1) It is a violation of this chapter for a licensee, its
28 officers, directors, employees, or independent contractors, or any
29 other person subject to this chapter to:

30 ~~((1))~~ (a) Directly or indirectly employ any scheme, device, or
31 artifice to defraud or mislead any borrower, to defraud or mislead
32 any lender, or to defraud or mislead any person;

33 ~~((2))~~ (b) Directly or indirectly engage in any unfair or
34 deceptive practice toward any person;

35 ~~((3))~~ (c) Directly or indirectly obtain property by fraud or
36 misrepresentation;

37 ~~((4))~~ (d) Solicit or enter into a contract with a borrower that
38 provides in substance that the consumer loan company may earn a fee

1 or commission through the consumer loan company's best efforts to
2 obtain a loan even though no loan is actually obtained for the
3 borrower;

4 ~~((+5))~~ (e) Solicit, advertise, or enter into a contract for
5 specific interest rates, points, or other financing terms unless the
6 terms are actually available at the time of soliciting, advertising,
7 or contracting;

8 ~~((+6))~~ (f) Fail to make disclosures to loan applicants as
9 required by RCW 31.04.102 and any other applicable state or federal
10 law;

11 ~~((+7))~~ (g) Make, in any manner, any false or deceptive statement
12 or representation with regard to the rates, points, or other
13 financing terms or conditions for a residential mortgage loan or
14 engage in bait and switch advertising;

15 ~~((+8))~~ (h) Negligently make any false statement or knowingly and
16 willfully make any omission of material fact in connection with any
17 reports filed with the department by a licensee or in connection with
18 any investigation conducted by the department;

19 ~~((+9))~~ (i) Make any payment, directly or indirectly, to any
20 appraiser of a property, for the purposes of influencing the
21 independent judgment of the appraiser with respect to the value of
22 the property;

23 ~~((+10))~~ (j) Accept from any borrower at or near the time a loan
24 is made and in advance of any default an execution of, or induce any
25 borrower to execute, any instrument of conveyance, not including a
26 mortgage or deed of trust, to the lender of any ownership interest in
27 the borrower's primary dwelling that is the security for the
28 borrower's loan;

29 ~~((+11))~~ (k) Obtain at the time of closing a release of future
30 damages for usury or other damages or penalties provided by law or a
31 waiver of the provisions of this chapter;

32 ~~((+12))~~ (l) Advertise any rate of interest without conspicuously
33 disclosing the annual percentage rate implied by that rate of
34 interest;

35 ~~((+13))~~ (m) Violate any applicable state or federal law relating
36 to the activities governed by this chapter; or

37 ~~((+14))~~ (n) Make or originate loans from any unlicensed
38 location.

39 (2) It is a violation of this chapter for a student education
40 loan servicer to:

- 1 (a) Conduct licensable activity from any unlicensed location;
2 (b) Misrepresent or omit any material information in connection
3 with the servicing of a student education loan including, but not
4 limited to, misrepresenting the amount, nature, or terms of any fee
5 or payment due or claimed to be due on a student education loan, the
6 terms and conditions of the loan agreement, or the borrower's
7 obligations under the loan;
8 (c) Provide inaccurate information to a credit bureau, thereby
9 harming a student education loan borrower's creditworthiness,
10 including failing to report both the favorable and unfavorable
11 payment history of the student education loan;
12 (d) Fail to report to a consumer credit bureau at least annually
13 if the student education loan servicer regularly reports information
14 to a credit bureau;
15 (e) Refuse to communicate with an authorized representative of
16 the student education loan borrower who provides a written
17 authorization signed by the student education loan borrower. However,
18 the student education loan servicer may adopt procedures reasonably
19 related to verifying that the representative is in fact authorized to
20 act on behalf of the student education loan borrower;
21 (f) Refuse to communicate with the student education loan
22 borrower or an authorized representative of the student education
23 loan borrower; or
24 (g) Apply payments made by a borrower to the outstanding balance
25 of a student education loan, or allocate a payment across a group of
26 student education loans, in a manner that does not conform with the
27 borrower's stated intent. However, this subsection (2)(g) does not
28 require application of a student education loan in a manner contrary
29 to the express terms of the promissory note.

30 **Sec. 11.** RCW 31.04.035 and 2013 c 29 s 4 are each amended to
31 read as follows:

32 (1) No person may make secured or unsecured loans of money or
33 things in action, or extend credit, or service or modify the terms or
34 conditions of residential mortgage loans, or service or modify
35 student education loans, without first obtaining and maintaining a
36 license in accordance with this chapter, except those exempt under
37 RCW 31.04.025 or not subject to licensure under section 9 of this
38 act.

1 (2) If a transaction violates subsection (1) of this section,
2 any:

3 (a) Nonthird-party fees charged in connection with the
4 origination of the residential mortgage loan must be refunded to the
5 borrower, excluding interest charges; and

6 (b) Fees or interest charged in the making of a nonresidential
7 loan must be refunded to the borrower.

8 **Sec. 12.** RCW 31.04.093 and 2015 c 229 s 24 are each amended to
9 read as follows:

10 (1) The director must enforce all laws and rules relating to the
11 licensing and regulation of licensees and persons subject to this
12 chapter.

13 (2) The director may deny applications for licenses for:

14 (a) Failure of the applicant to demonstrate within its
15 application for a license that it meets the requirements for
16 licensing in RCW 31.04.045 and 31.04.055;

17 (b) Violation of an order issued by the director under this
18 chapter or another chapter administered by the director, including
19 but not limited to cease and desist orders and temporary cease and
20 desist orders;

21 (c) Revocation or suspension of a license to conduct lending
22 ~~((or))~~, residential mortgage loan servicing, student education loan
23 servicing, or to provide settlement services associated with lending
24 ~~((or))~~, residential mortgage loan servicing, or student education
25 loan servicing, by this state, another state, or by the federal
26 government within five years of the date of submittal of a complete
27 application for a license; or

28 (d) Filing an incomplete application when that incomplete
29 application has been filed with the department for sixty or more
30 days, provided that the director has given notice to the licensee
31 that the application is incomplete, informed the applicant why the
32 application is incomplete, and allowed at least twenty days for the
33 applicant to complete the application.

34 (3) The director may condition, suspend, or revoke a license
35 issued under this chapter if the director finds that:

36 (a) The licensee has failed to pay any fee due the state of
37 Washington, has failed to maintain in effect the bond or permitted
38 substitute required under this chapter, or has failed to comply with

1 any specific order or demand of the director lawfully made and
2 directed to the licensee in accordance with this chapter;

3 (b) The licensee, either knowingly or without the exercise of due
4 care, has violated any provision of this chapter or any rule adopted
5 under this chapter;

6 (c) A fact or condition exists that, if it had existed at the
7 time of the original application for the license, clearly would have
8 allowed the director to deny the application for the original
9 license; or

10 (d) The licensee failed to comply with any directive, order, or
11 subpoena issued by the director under this chapter.

12 The director may condition, revoke, or suspend only the particular
13 license with respect to which grounds for conditioning, revocation,
14 or suspension may occur or exist or the director may condition,
15 revoke, or suspend all of the licenses issued to the licensee.

16 (4) The director may impose fines of up to one hundred dollars
17 per day, per violation, upon the licensee, its employee or loan
18 originator, or other person subject to this chapter for:

19 (a) Any violation of this chapter; or

20 (b) Failure to comply with any directive, order, or subpoena
21 issued by the director under this chapter.

22 (5) The director may issue an order directing the licensee, its
23 employee or loan originator, or other person subject to this chapter
24 to:

25 (a) Cease and desist from conducting business in a manner that is
26 injurious to the public or violates any provision of this chapter;

27 (b) Take such affirmative action as is necessary to comply with
28 this chapter;

29 (c) Make a refund or restitution to a borrower or other person
30 who is damaged as a result of a violation of this chapter;

31 (d) Refund all fees received through any violation of this
32 chapter.

33 (6) The director may issue an order removing from office or
34 prohibiting from participation in the affairs of any licensee, or
35 both, any officer, principal, employee or mortgage loan originator,
36 or any person subject to this chapter for:

37 (a) False statements or omission of material information from an
38 application for a license that, if known, would have allowed the
39 director to deny the original application for a license;

1 (b) Conviction of a gross misdemeanor involving dishonesty or
2 financial misconduct or a felony;

3 (c) Suspension or revocation of a license to engage in lending
4 (~~(or)~~), residential mortgage loan servicing, student education loan
5 servicing, or perform a settlement service related to lending or
6 residential mortgage loan servicing, in this state or another state;

7 (d) Failure to comply with any order or subpoena issued under
8 this chapter;

9 (e) A violation of RCW 31.04.027, 31.04.102, 31.04.155, or
10 31.04.221; or

11 (f) Failure to obtain a license for activity that requires a
12 license.

13 (7) Except to the extent prohibited by another statute, the
14 director may engage in informal settlement of complaints or
15 enforcement actions including, but not limited to, payment to the
16 department for purposes of financial literacy and education programs
17 authorized under RCW 43.320.150. If any person subject to this
18 chapter makes a payment to the department under this section, the
19 person may not advertise such payment.

20 (8) Whenever the director determines that the public is likely to
21 be substantially injured by delay in issuing a cease and desist
22 order, the director may immediately issue a temporary cease and
23 desist order. The order may direct the licensee to discontinue any
24 violation of this chapter, to take such affirmative action as is
25 necessary to comply with this chapter, and may include a summary
26 suspension of the licensee's license and may order the licensee to
27 immediately cease the conduct of business under this chapter. The
28 order becomes effective at the time specified in the order. Every
29 temporary cease and desist order must include a provision that a
30 hearing will be held upon request to determine whether the order will
31 become permanent. Such hearing must be held within fourteen days of
32 receipt of a request for a hearing unless otherwise specified in
33 chapter 34.05 RCW.

34 (9) A licensee may surrender a license by delivering to the
35 director written notice of surrender, but the surrender does not
36 affect the licensee's civil or criminal liability, if any, for acts
37 committed before the surrender, including any administrative action
38 initiated by the director to suspend or revoke a license, impose
39 fines, compel the payment of restitution to borrowers or other
40 persons, or exercise any other authority under this chapter. The

1 statute of limitations on actions not subject to RCW 4.16.160 that
2 are brought under this chapter by the director is five years.

3 (10) The revocation, suspension, or surrender of a license does
4 not impair or affect the obligation of a preexisting lawful contract
5 between the licensee and a borrower.

6 (11) Every license issued under this chapter remains in force and
7 effect until it has been surrendered, revoked, or suspended in
8 accordance with this chapter. However, the director may on his or her
9 own initiative reinstate suspended licenses or issue new licenses to
10 a licensee whose license or licenses have been revoked if the
11 director finds that the licensee meets all the requirements of this
12 chapter.

13 (12) A license issued under this chapter expires upon the
14 licensee's failure to comply with the annual assessment requirements
15 in RCW 31.04.085, and the rules. The department must provide notice
16 of the expiration to the address of record provided by the licensee.
17 On the 15th day after the department provides notice, if the
18 assessment remains unpaid, the license expires. The licensee must
19 receive notice prior to expiration and have the opportunity to stop
20 the expiration as set forth in rule.

21 **Sec. 13.** RCW 31.04.102 and 2015 c 229 s 27 are each amended to
22 read as follows:

23 (1) For all loans made by a licensee that are not secured by a
24 lien on real property, the licensee must make disclosures in
25 compliance with the truth in lending act, 15 U.S.C. Sec. 1601 and
26 regulation Z, 12 C.F.R. Part 1026, and all other applicable federal
27 laws and regulations.

28 (2) For all loans made by a licensee that are secured by a lien
29 on real property, the licensee must provide to each borrower within
30 three business days following receipt of a loan application a written
31 disclosure containing an itemized estimation and explanation of all
32 fees and costs that the borrower is required to pay in connection
33 with obtaining a loan from the licensee. A good faith estimate of a
34 fee or cost must be provided if the exact amount of the fee or cost
35 is not available when the disclosure is provided. Disclosure in a
36 form which complies with the requirements of the truth in lending
37 act, 15 U.S.C. Sec. 1601 and regulation Z, 12 C.F.R. Part 1026, the
38 real estate settlement procedures act and regulation X, 24 C.F.R.
39 Part 1024, and all other applicable federal laws and regulations, as

1 now or hereafter amended, constitutes compliance with this disclosure
2 requirement. Each licensee must comply with all other applicable
3 federal and state laws and regulations.

4 (3) In addition, for all loans made by the licensee that are
5 secured by a lien on real property, the licensee must provide to the
6 borrower an estimate of the annual percentage rate on the loan and a
7 disclosure of whether or not the loan contains a prepayment penalty
8 within three days of receipt of a loan application. The annual
9 percentage rate must be calculated in compliance with the truth in
10 lending act, 15 U.S.C. Sec. 1601 and regulation Z, 12 C.F.R. Part
11 1024. If a licensee provides the borrower with a disclosure in
12 compliance with the requirements of the truth in lending act within
13 three business days of receipt of a loan application, then the
14 licensee has complied with this subsection. If the director
15 determines that the federal government has required a disclosure that
16 substantially meets the objectives of this subsection, then the
17 director may make a determination by rule that compliance with this
18 federal disclosure requirement constitutes compliance with this
19 subsection.

20 (4) In addition for all consumer loans made by the licensee that
21 are secured by a lien on real property, the licensee must comply with
22 RCW 19.144.020.

23 (5) In addition for all consumer loans made by a licensee that
24 are a refinance of a federal student education loan, the licensee
25 must provide to the borrower a clear and conspicuous disclosure that
26 some repayment options available under federal student education loan
27 programs, including without limitation income-driven repayment plans,
28 will no longer be available to the borrower if he or she chooses to
29 refinance federal student education loans with one or more consumer
30 loans.

31 **Sec. 14.** RCW 31.04.145 and 2015 c 229 s 29 are each amended to
32 read as follows:

33 (1) For the purpose of discovering violations of this chapter or
34 securing information lawfully required under this chapter, the
35 director may at any time, either personally or by designees,
36 investigate or examine the loans and business and, wherever located,
37 the books, accounts, records, papers, documents, files, and other
38 information used in the business of every licensee and of every
39 person (~~who is engaged in the business making or assisting in the~~

1 ~~making of loans at interest rates authorized by~~) subject to this
2 chapter, whether the person acts or claims to act as principal or
3 agent, or under or without the authority of this chapter. The
4 director or designated representative:

5 (a) Must have free access to the employees, offices, and places
6 of business, books, accounts, papers, documents, other information,
7 records, files, safes, and vaults of all such persons during normal
8 business hours;

9 (b) May require the attendance of and examine under oath all
10 persons whose testimony may be required about the loans or the
11 business or the subject matter of any investigation, examination, or
12 hearing and may require such person to produce books, accounts,
13 papers, records, files, and any other information the director or
14 designated persons deem relevant to the inquiry;

15 (c) May require by directive, subpoena, or any other lawful means
16 the production of original books, accounts, papers, records, files,
17 and other information; may require that such original books,
18 accounts, papers, records, files, and other information be copied; or
19 may make copies of such original books, accounts, papers, records,
20 files, or other information;

21 (d) May issue a subpoena or subpoena duces tecum requiring
22 attendance by any person identified in this section or compelling
23 production of any books, accounts, papers, records, files, or other
24 documents or information identified in this section.

25 (2) The director must make such periodic examinations of the
26 affairs, business, office, and records of each licensee as determined
27 by rule.

28 (3) Every licensee examined or investigated by the director or
29 the director's designee must pay to the director the cost of the
30 examination or investigation of each licensed place of business as
31 determined by rule by the director.

32 (4) In order to carry out the purposes of this section, the
33 director may:

34 (a) Retain attorneys, accountants, or other professionals and
35 specialists as examiners, auditors, or investigators to conduct or
36 assist in the conduct of examinations or investigations;

37 (b) Enter into agreements or relationships with other government
38 officials or regulatory associations in order to improve efficiencies
39 and reduce regulatory burden by sharing resources, standardized or

1 uniform methods or procedures, and documents, records, information,
2 or evidence obtained under this section;

3 (c) Use, hire, contract, or employ public or privately available
4 analytical systems, methods, or software to examine or investigate
5 the licensee, individual, or person subject to chapter 120, Laws of
6 2009;

7 (d) Accept and rely on examination or investigation reports made
8 by other government officials, within or without this state;

9 (e) Accept audit reports made by an independent certified public
10 accountant for the licensee, individual, or person subject to chapter
11 120, Laws of 2009 in the course of that part of the examination
12 covering the same general subject matter as the audit and may
13 incorporate the audit report in the report of the examination, report
14 of investigation, or other writing of the director; or

15 (f) Assess the licensee, individual, or person subject to chapter
16 120, Laws of 2009 the cost of the services in (a) of this subsection.

17 **Sec. 15.** RCW 31.04.165 and 2010 c 35 s 7 are each amended to
18 read as follows:

19 (1) The director has the power, and broad administrative
20 discretion, to administer and interpret this chapter to facilitate
21 the delivery of financial services to the citizens of this state by
22 (~~consumer loan companies, residential mortgage loan servicers, and~~
23 ~~mortgage loan originators~~) persons subject to this chapter. The
24 director shall adopt all rules necessary to administer this chapter
25 and to ensure complete and full disclosure by licensees of lending
26 transactions governed by this chapter.

27 (2) If it appears to the director that a licensee is conducting
28 business in an injurious manner or is violating any provision of this
29 chapter, the director may order or direct the discontinuance of any
30 such injurious or illegal practice.

31 (3) For purposes of this section, "conducting business in an
32 injurious manner" means conducting business in a manner that violates
33 any provision of this chapter, or that creates the reasonable
34 likelihood of a violation of any provision of this chapter.

35 (4) The director or designated persons, with or without prior
36 administrative action, may bring an action in superior court to
37 enjoin the acts or practices that constitute violations of this
38 chapter and to enforce compliance with this chapter or any rule or
39 order made under this chapter. Upon proper showing, injunctive relief

1 or a temporary restraining order shall be granted. The director shall
2 not be required to post a bond in any court proceedings.

3 **Sec. 16.** RCW 31.04.277 and 2015 c 229 s 34 are each amended to
4 read as follows:

5 Each consumer loan company licensee (~~who makes, services, or~~
6 ~~brokers a loan secured by real property~~) must submit call reports
7 through the nationwide mortgage licensing system (~~and registry~~) in
8 a form and containing the information prescribed by the director or
9 as deemed necessary by the nationwide mortgage licensing system (~~and~~
10 ~~registry~~)).

11 **Sec. 17.** RCW 31.04.310 and 2015 c 229 s 26 are each amended to
12 read as follows:

13 Upon application by the director and upon a showing that the
14 interests of borrowers or creditors so requires, the superior court
15 may appoint a receiver to take over, operate, or liquidate any
16 residential mortgage or student education loan servicer.

17 NEW SECTION. **Sec. 18.** (1) The Washington state institute for
18 public policy shall conduct a study on the impact and cost-
19 effectiveness of establishing a student loan authority to refinance
20 existing federal and private undergraduate and graduate student loans
21 from the proceeds of tax-exempt bonds. In conducting the study, the
22 institute shall:

23 (a) Review guidance on the subject issued by the United States
24 treasury;

25 (b) Review the structure of state-operated loan refinance
26 programs in other states;

27 (c) Evaluate the effectiveness of borrower requirements, such as
28 a credit score or a loan cosigner; and

29 (d) Compare any potential savings and costs to undergraduate and
30 graduate borrowers of a loan refinanced by the state as compared to a
31 similar federal direct loan and a private loan, issued one, five, and
32 ten years ago.

33 (2) The Washington state institute for public policy shall submit
34 a report on its findings to the higher education committees of the
35 legislature by December 31, 2017.

1 NEW SECTION. **Sec. 19.** A new section is added to chapter 31.04
2 RCW to read as follows:

3 The requirements of this act do not apply to any person doing
4 business under, and as permitted by, any law of this state or of the
5 United States relating to banks, savings banks, trust companies,
6 savings and loan or building and loan associations, or credit unions.

7 NEW SECTION. **Sec. 20.** The director of financial institutions or
8 the director's designee, the attorney general or the attorney
9 general's designee, and the student achievement council may take the
10 actions necessary to ensure this act is implemented on January 1,
11 2018.

12 NEW SECTION. **Sec. 21.** This act may be known and cited as the
13 Washington student education loan bill of rights.

14 NEW SECTION. **Sec. 22.** This act takes effect January 1, 2018.

--- END ---