

HOUSE BILL REPORT

SB 5077

As Passed House:

March 24, 2021

Title: An act relating to providing authority to licensed companies to allow licensed mortgage loan originators to work from their residences without the company licensing the residence as a branch office of the company.

Brief Description: Providing authority to licensed companies to allow licensed mortgage loan originators to work from their residences without the company licensing the residence as a branch office of the company.

Sponsors: Senators Dozier, Mullet, Brown, Das, Warnick and Wilson, C.; by request of Department of Financial Institutions.

Brief History:

Committee Activity:

Consumer Protection & Business: 3/10/21, 3/11/21 [DP].

Floor Activity:

Passed House: 3/24/21, 98-0.

Brief Summary of Bill

- Allows mortgage loan originators to work from home under certain circumstances.

HOUSE COMMITTEE ON CONSUMER PROTECTION & BUSINESS

Majority Report: Do pass. Signed by 7 members: Representatives Kirby, Chair; Walen, Vice Chair; Vick, Ranking Minority Member; Dufault, Assistant Ranking Minority Member; Corry, Ryu and Santos.

Staff: Serena Dolly (786-7150).

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Background:

The Department of Financial Institutions (DFI) licenses and regulates mortgage loan originators. A mortgage loan originator is a person who takes residential mortgage loan applications, offers or negotiates the terms of residential mortgage loans, or performs residential loan modification services. A mortgage loan originator must originate loans from a licensed location, and originating a mortgage loan from an unlicensed residence is a violation of the Consumer Loan Act.

Summary of Bill:

Mortgage loan originators may originate loans from their unlicensed residences as long as they comply with all state and federal information security requirements and any other requirements established by rule.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) This bill makes permanent the temporary authorization for mortgage loan originators to work from home. The DFI had been looking at this change, and the pandemic expedited the process. The DFI will ensure appropriate security requirements are established during rulemaking. The rules will be consistent with the guidance issued at the beginning of the pandemic, which prohibits mortgage loan originators from seeing clients in their home, requires any paper documents to remain at the licensed location, and specifies that all work must be handled on secure computer systems.

(Opposed) None.

Persons Testifying: Senator Dozier, prime sponsor; Tony Blodgett, New American Funding and Washington Mortgage Bankers Association; and Cindy Fazio and Drew Bouton, Department of Financial Institutions.

Persons Signed In To Testify But Not Testifying: None.