



Description

Jurisdiction-Specific Requirements



WASHINGTON MORTGAGE BROKER LICENSE

Who is required to have the Washington Mortgage Broker license?

- Your company needs this license if you will offer mortgage brokering or loan origination services to Washington State citizens or for property in Washington State.
- See the definition of “mortgage broker” in RCW 19.146.010(12) and WAC 208-660-006.

Who does not need the Washington Mortgage Broker license?

Your company may be exempt from the Mortgage Broker licensing requirements if any of these are true:

- Your company is a depository institution (bank or credit union), insurance company, or REIT – or a subsidiary or affiliate of a depository institution, insurance company, or REIT.
- Your company is licensed as a Washington Consumer Loan company offering mortgage brokering or loan origination services in compliance with the Consumer Loan Act (RCW 31.04 and WAC 208-620).

Prerequisites at a Glance:

1. Net worth – none
2. Bond amount – \$20,000 for applicants with no prior loan origination in Washington or ranges \$20,000 to \$60,000 depending on prior year’s loan origination volume in Washington
3. Criminal background check – control persons, designated broker, and loan originators
4. Credit check – control persons, designated broker, and loan originators
5. Experience – designated broker
6. Testing – designated broker, and loan originators
7. Education – designated broker, and loan originators

What must I do or send outside the NMLS to apply for the Washington Mortgage Broker license? Before Washington State Department of Financial Institutions, Division of Consumer Services (DFI/DCS) will accept your Mortgage Broker license application, you must provide:

1. **Surety Bond** – See RCW 19.146.205(4)(a) and WAC 208-660-175
 - a. Forms:
 - i. Use the *Surety Bond to Operate Mortgage Broker Business with Independent Contractor (1099)* form if **any** of your Loan Originators are independent contractors.
 - ii. Use the *Surety Bond to Operate Mortgage Broker Business (W-2)* form if **all** of your Loan Originators are employees.
 - iii. When you receive the bond from the surety company, a principal of the mortgage broker must sign it as “principal” on the bond. Leave the *Power of Attorney* attached and forward the original bond form to DFI/DCS.
 - b. Your company’s full legal name on the MU1 must match the name of the “principal” on the bond. The company’s NMLS and UBI numbers must be listed on the bond by the bonding company so be sure to provide those numbers to your agent or bonding company.
 - c. Contact your insurance agent to find a surety company authorized to write surety business in the State of Washington.

2. Staff Compensation

- a. In NMLS, establish Relationships between your company and the people that represent your company. Include relationships with your Designated Broker, Control Persons, Branch Manager(s), and Loan Originators.
- b. As indicated on the checklist, provide a list of the company's personnel. This must include the Designated Broker at minimum and should include the person's name, title and how they are paid (W2 or 1099).
- c. In NMLS, your company will Sponsor the Designated Broker Registration and your Mortgage Loan Originator license(s).

3. Designated Broker

- a. In the NMLS, identify your Designated Broker (DB) by entering him/her in the *Qualifying Individual* section of the MU1 filing.
- b. Send copies (not originals) of documentation to prove both:
 - i. Your DB must have passed the Designated Broker test administered by PearsonVue. See the link from http://www.dfi.wa.gov/cs/mb_testing.htm **and**
 - ii. Your DB must prove two years of experience in the residential mortgage loan industry. Acceptable proof includes W-2 or 1099 forms or corporate tax returns, signed by the DB.
- c. If your DB is not a citizen of the United States, send a copy (not original) of proof of his or her authority to work in the USA (such as a green card).
- d. Your DB should apply in NMLS on the MU4 for a Designated Broker Registration. If your Designated Broker wishes to originate loans, he/she must also apply for a Mortgage Loan Originator license.
- e. HINT: If the DB is new to NMLS filing, **submit** the company's MU1 before **creating** the DB's MU4 form – the information submitted on the form MU2 will pre-populate the newly created MU4 form, saving keystrokes.

4. Fingerprint Card(s)

- a. Send one fingerprint card for the DB* **and** one fingerprint card for each Control Person. *If the DB will originate, he/she does not need to send a fingerprint card to DFI as he/she must submit fingerprints to the NMLS as part of the MLO application.
- b. Use the *FBI Applicant Card* format, available at most major law enforcement offices. If your local law enforcement office does not stock the *FBI Applicant Card*, you may order blank cards from DFI/DCS via e-mail at DCS@dfi.wa.gov.

5. Trust Accounting

Choose one of these forms and send the original (not a copy) to DFI/DCS. Review RCW 19.146.050 and WAC 208-660-410 carefully before making your decision!

Do you intend to accept borrowers' funds to pay for third party services?

- a. If no, you NEVER (not even reimbursement at closing) intend to accept monies from borrowers or on behalf of borrowers for the payment of third party service providers, you may complete the *Alternative Certificate of Compliance* form. (Use this form if you will not open a trust account.)
- b. If yes, use a *Certificate of Compliance and Authorization to Examine Trust Accounts* form (Trust Account form) to report each trust account you'll use with Washington State loans. The trust account(s) must be located at a federally insured depository institution in Washington State. You'll complete the top portion of the form, and then have the bank complete the bottom portion and notarize the form.

- i. You may not deposit your own funds into the trust account, not even to open the account.
- ii. The trust account should be a non-interest-bearing account.
- iii. Bank charges for maintenance of the trust account (e.g.: monthly service fees, check printing fees, etc) should be withdrawn from your general operations account, not from the trust account.
- iv. If your bank won't open a zero-balance trust account, provide a statement on your letterhead indicating that no funds have been or will be accepted from borrowers until a license is issued. After your license is issued, and upon receipt of any customer funds, you must immediately establish a trust account and forward the Trust Account form to DFI/DCS. In the meantime, DFI/DCS may issue a conditional interim license contingent upon receipt of the Trust Account form within a specified time frame.

6. Washington Pre-requisite Licenses

- a. Contact the Washington State Department of Licensing (DOL) at (360)902-3600 or online at www.dol.wa.gov to apply for your Washington State Master Business License which will display your Unified Business Identifier (UBI) number. A copy of this document is **not** required with your application. DFI will verify information directly with DOL.
- b. If your company is a corporation, partnership, or LLC, contact the Washington Secretary of State (SOS) Division of Corporations at (360) 725-0377 or online at www.secstate.wa.gov to register your company. A copy of this document is **not** required with your application. DFI will verify information directly with SOS.

7. Disclosure Questions:

- a. For each "yes" answer in the Disclosure Question section of the form MU1, provide complete details of all events or proceedings in an attachment.
- b. For each "yes" answer in the Disclosure Question section of each form MU2, provide complete details of all events or proceedings in an attachment.

8. Branches

Each branch location desiring to conduct business under this license authority must be separately authorized and will require a filing of Form MU3 through the NMLS.

9. Loan Originators

According to Washington State statute, each individual originating mortgages and independent contractors (1099) processing mortgages, must be separately authorized by filing form MU4 through the NMLS.