



November 18, 2022

Devon Phelps, Chief of Regulatory Affairs, Division of Consumer Services
Washington Department of Financial Institutions
PO Box 41200
Olympia, WA 98504-1200

RE: Proposed Rule Amendments, SB 5077 - Allowing Licensed MLOs to work from their residences

Dear Ms. Phelps,

On behalf of our constituents of WA Licensed Mortgage Loan Originators, Industry Affiliates, Real Estate Professionals, and Washington State consumers, WAMP would like to again applaud DFI's efforts in drafting and helping get SB 5077 enacted. Many years have passed since WAMP and DFI first began discussing the need to change the Consumer Loan Act and the Mortgage Brokers Practices Act to allow licensed MLOs to work from their residences without requiring their homes to be licensed. Now, in a review of the rulemaking changes to implement and enforce these rules, WAMP would like to add these comments to the record.

- WAMP is in support of the new language proposed for **WAC 208-620-660** as outlined, including written policies and procedures, risk-based monitoring, and company platform access. WAMP continues to be a strong proponent for overall safeguarding customers' non-public information.
- WAMP is also in support of the added clarification in **WAC 208-620-010** to include a primary or secondary residence in the "loan originator's residence" definition. This is a helpful clarification.

As a follow-up to our question at the last Virtual Industry Work Session on September 15, 2022, and the subsequent CR-102 filed on Oct 4, 2022, WAMP would again like to encourage DFI to go deeper into reviewing the estimated economic impact on WA companies and consumers. While there is a recognized savings of annual licensing fees, it is important to note that technology expenses continue to be highly inflationary. Companies may also need to outsource to 3rd party vendors to ensure their policies line up with what DFI determines to be appropriate when overseeing a remote workforce.

Upon reviewing the resource links provided in the Work Session FAQ guidance, it is also clear that audit & exam benchmarks can quickly become very detailed and highly complex. Despite the recent contraction in mortgage loan origination volume, compliance workforce and technology expenses continue to rise nationally for small, medium and large companies alike. Inflationary expenses ultimately result in a higher cost per loan, which is often passed on to consumers. Ongoing clarity on DFI's interpretation of what will be deemed "appropriate" safeguards in relation to a company's size is needed to educate and assess potential economic impact.

WAMP continues to appreciate the open dialogue and educational assistance DFI provides our Members and constituents here in WA State. Thank you for your efforts.

Sincerely,

Michael Patterson
Past-President, Government Affairs Chair