



DCU BULLETIN

Division of Credit Unions

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SHB 2255 Reduces Regulatory Burden

Beginning June 7, 2012, the state's one page disclosure is no longer required because the disclosures that comply with the federal Real Estate Settlement Act (RESPA) are deemed to be compliant with the disclosures that were required under state law, RCW 19.144.020.

As you remember, RCW 19.144.020 requires a credit union to provide a one page disclosure summary for residential mortgage loans.

RCW 19.144.020(1): In addition to any other requirements under federal or state law, a residential mortgage loan may not be made unless a disclosure summary of all material terms, as adopted by the department in subsection (2) of this section, is placed on a separate sheet of paper and has been provided by a financial institution to the borrower within three business days following receipt of a loan application. If any material terms of the residential mortgage loan change before closing, a new disclosure summary must be provided to the borrower within three days of any such change or at least three days before closing, whichever is earlier.

Substitute House Bill 2255 (chapter 17, Laws of 2012) amended RCW 19.144.020 during the 2012 legislative session. The new law provides:

Disclosure in compliance with the real estate settlement procedures act, 12 U.S.C. Sec. 2601, and Regulation X, 24 C.F.R. Sec. 3500, as it exists on the effective date of this section, shall be deemed to comply with the disclosure requirements of this section. The director may adopt rules to implement and incorporate other changes in the disclosure summary as necessary due to federal law.

The new law states that compliance with RESPA's requirement for good faith estimate is deemed compliance for the one page disclosure summary. Therefore, the RESPA good faith estimate will be accepted as a substitute for the one page disclosure summary that was required for residential mortgage loans with a state credit union. The changes to law become effective on June 7, 2012.

If you have any questions or would like more information please contact Linda Jekel, Director of Credit Unions at (360) 902-8778 or Linda.Jekel@dfi.wa.gov