



Washington State Department of Financial Institutions

# Division of Consumer Services

## WINTER 2021/2022 UPDATE

Consumer Services welcomes the New Year and looks forward to continuing our programs in regulatory excellence, and keeping abreast with the innovative industries we regulate. We continue to protect and educate consumers while ensuring safe regulated industries that provide the financial services consumers expect and want. Below you will read the details of our recent accreditation in money services businesses regulation, only the third such accreditation in the nation. We are a lead state in regulating business models using virtual currencies. To meet this demand DFI created an agency-wide work group of specialists in order to assess all aspects of virtual currency business models. With our accreditation, our network of colleagues in other states, and our in-agency specialists, we continue to be ready to help consumers and companies navigate the dynamic financial services marketplace. We also continue to lead in contributing to and participating in networked supervision across the country. This means coordinated actions to protect consumers when needed, less regulatory impact on large multi-state companies at examination time, and continued shared information between the states. This approach gives businesses certainty in operating in multiple states and gives us additional resources in our day to day supervision of large companies. We're pleased to share more on some specific challenges we faced, particularly in the growth of licensees, and about our efforts to keep regulation efficient for both consumers and the industries we regulate.

## STATS AT A GLANCE AS OF DECEMBER 2021

Number of Licensees		<b>Complaints Received</b> 1,342  <b>Enforcement Actions Issued</b> 67  <b>Investigations Opened</b> 54  <b>Investigations Closed</b> 54	Exams Conducted	
Mortgage Brokers	349		Check Casher	10
Loan Originators	28,431		Money Transmitter	66
Check Cashers and Sellers	88		Mortgage Broker	88
Consumer Loan Companies	852		Mortgage Origination	149
Money Transmitters	249		Mortgage Servicing	56
Escrow Agents	56		Student Loan Servicing	1
Payday Lenders	16	Escrow	29	

\*This information was pulled specifically for this report and may be subject to change.

## **GROWTH IN CONSUMER SERVICES LICENSEES**

The total number of licensees increased in Consumer Services by more than 7,500 during 2021. The largest growth is with mortgage loan originators (MLOs). MLOs account for 6,800 of the overall licensee increase, which is roughly a 33 percent increase. The Division experienced a roughly 10 percent increase in the number of Money Transmitters and Consumer Loan Company licensees while Mortgage Broker licensees increased by five percent.

## **GUIDANCE ALLOWING LOAN ORIGINATORS TO WORK FROM HOME BECAME LAW**

The Department issued Interim Regulatory Guidance – Temporarily Working from Home on March 5, 2020, and subsequently extended the guidance multiple times through 2021. Effective July 25, 2021, this guidance became law. Under the new law (SB 5077), mortgage loan originators (MLOs) are permitted to work from home without licensing their home as a branch location. This is in line with the ongoing efforts to keep everyone safe while helping our economy keep working.

## **CONFERENCE OF STATE BANK SUPERVISORS RE-ACCREDITATION**

The Conference of State Bank Supervisors (CSBS) re-accredited the Consumer Services Mortgage Program in 2021. The DFI Money Services Business Program was the third state in the nation to be accredited for this type of regulatory program. CSBS was organized in 1902 and is dedicated to protecting and advancing the nation's dual-banking system. The CSBS Accreditation Program involves an in-depth review of an agency's policies, procedures, and operations to determine if it meets the standards set forth by the Performance Standards Committee (PSC). The Accreditation Program provides many benefits for the agency as well as industry participants and consumers, such as assistance with standardizing processes among the states, demonstration that the agency meets a high standard for state supervision, and strengthening of state financial regulation by meeting a shared set of principles.

## **COLLABORATION IN MULTISTATE ACTION**

DFI led a multi-state investigation and joined regulators from 11 other states in entering into a legal settlement with Rocket Mortgage, LLC (formerly known as Quicken Loans, LLC) to address advertising practices believed to be in violation of federal advertising laws. The settlement required Rocket Mortgage to pay a penalty of \$500,000 to the participating states and establish improved advertising standards, including clearly and conspicuously disclosing points associated with the advertised interest rates and the dollar cost consumers must pay to obtain the discounted interest rate. Rocket Mortgage also agreed to cease certain advertising practices related to adjustable rate mortgages and update telemarketing scripts to remove problematic language.

## **ONGOING NETWORKING WITH OTHER STATES**

We continue to be the lead state in the multi-state licensing program for money services businesses. At 2021 year-end, this program resulted in 449 state licenses issued since 2018 to companies in the program. The program has been so successful it became the model for ongoing updates to the nationwide licensing portal for financial services. We also continue to lead multi-state exams of large companies. Our robust licensing and examination units have strong relationships with other states through participating in joint licensing collaborative meetings and teaching other examiners in multi-state examiner schools. This creates strong networks of colleagues sharing expertise and resources when regulating large companies. Finally, if and when the time comes, our enforcement unit participates in multi-state enforcement actions that leverage the states to compel compliance.