



State of Washington

DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF BANKS

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Interpretive Statement 2015-001-DOB

To: Washington State-Chartered Banks
Interested Third-Party Forms Vendors
Bank Examiners

From: Rick Riccobono, Director of the Division of Banks

Date: January 7, 2015

RE: Discontinuing Use of State-Mandated “Disclosure Summary” under RCW 19.144.020

It has come to the attention of the Washington State Department of Financial Institutions (“DFI”) that certain Washington State-chartered banks, savings banks, and credit unions (collectively referred to as “regulated institutions”) may still be using an unnecessary separate “disclosure summary” for 1-4 family residential home loan applications. The “disclosure summary” was originally required when RCW 19.144.020 was enacted in 2008. Notwithstanding significant amendments made to RCW 19.144.020 in 2012, DFI is informed and believes that the practice of using the separate “disclosure summary” may still be occurring, in whole or in part, due to third-party vendors that may still include the “disclosure summary” within its menu of required forms.

In 2013, the Consumer Financial Protection Bureau (“CFPB”) issued a Final Rule amending Regulation Z, also known as the Truth in Lending Act (“TILA”), and Regulation X, also known as the Real Estate Settlement Procedures Act (“RESPA”), by combining the Truth-in-Lending Statement and Good Faith Estimate disclosure requirements into one form (“TILA/RESPA Loan Estimate”).¹ This CFPB Final Rule takes effect August 1, 2015.

¹ Sections 1098 and 1100A of the Dodd-Frank Wall Street Reform and Consumer Protection Act direct the CFPB to publish rules and forms that combine certain consumer disclosures for applying for and closing on a mortgage loan. Consistent with this requirement, under 12 CFR Part 1024 and 1026, the CFPB amended Regulations X and Z to establish new disclosure requirements and forms in Regulation Z for most closed-end consumer credit transactions secured by real property. In addition to combining the existing disclosure requirements and implementing new requirements imposed by the Dodd-Frank Act, the Final Rule provides extensive guidance regarding compliance with those requirements. The Final Rule on this combined form was filed with the Federal Register on November 20, 2013, and becomes mandatory for all residential real estate loan applications taken on or after August 1, 2015. There are also proposed amendments to this Final Rule that, if adopted, become effective at the same time.

The amendments to TILA and RESPA essentially render the Washington State “disclosure summary” as unnecessary if the regulated institution: (1) uses the newly combined CFPB TILA/RESPA Loan Estimate form; or (2) uses existing iterations of the Truth in Lending Statement and Good Faith Estimate until the Final Rule takes effect on August 1, 2015.

Therefore, the Director of the Division of Banks determines that the separate “disclosure summary” described in RCW 19.144.020 is no longer required if the proper CFPB TILA/RESPA disclosures are made. This interpretive statement has general applicability for all Washington State-chartered banks, savings banks, credit unions, and for any third-party forms vendors, or any parties similarly situated.

If you have any questions, please do not hesitate to call upon Ali Higgs, Chief of Regulatory Affairs for Division of Banks, at (206) 639-6050, or ali.higgs@dfi.wa.gov.