

RCW 31.04.510 Requirements of licensee—Minimum capital—

Exceptions. (1) For purposes of RCW *31.04.501 through 31.04.540, in addition to any other requirements, licensees must comply with the following requirements before offering proprietary reverse mortgage loans:

(a) Maintain an irrevocable standby letter of credit approved by the director from a financial institution approved by the director in favor of the licensee in an amount necessary to fund all reverse mortgage loan requirements anticipated over the next twelve months for loans then on the licensee's books and those expected to be made over the next twelve months or three million dollars, whichever is greater. The initial term of the letter of credit must be at least two years.

(b) The financial institution that provides the letter of credit as required in (a) of this subsection may not be affiliated with the licensee.

(c) A licensee with a rating of either 4A1 or 5A1 from Dun & Bradstreet credit services for three consecutive years is exempt from the requirements set forth in (a) of this subsection.

(2) The licensee shall maintain a minimum capital of ten million dollars.

(3) A licensee may rely on the capital of its parent to satisfy the requirement of subsection (2) of this section. However, for any year in which a licensee seeks to so rely, it shall provide to the director a certified financial statement of the parent showing a net worth of at least one hundred million dollars as of the close of its most recent fiscal year and a binding written commitment from the parent to the licensee to make a minimum of ten million dollars available to the licensee as a capital contribution in connection with its reverse mortgage lending program.

(4) Subsections (2) and (3) of this section do not apply to a licensee that:

(a) Only originates proprietary reverse mortgage loans the proceeds of which are fully disbursed at the loan closing; or

(b) Only originates proprietary reverse mortgage loans that are sold into the secondary market to an investor with either a 4A1 or 5A1 rating from Dun & Bradstreet credit services. A licensee that makes such a sale shall obtain a written commitment to purchase the loans from the investor prior to closing and shall arrange for the delivery of the loans to the investor within ten days of the loan closing.

[2009 c 149 § 2.]

***Reviser's note:** RCW 31.04.501 was repealed by 2017 3rd sp.s. c 25 § 14.