

WAC 460-33A-031 Minimum investor suitability requirements. (1)

In addition to complying with the suitability requirements set forth in RCW 21.20.702, in each purchase, sale, or exchange of mortgage paper securities registered under the rules of this chapter, the mortgage broker-dealer shall have reasonable grounds to believe that either:

(a) The investor is an accredited investor as defined in WAC 460-44A-501; or

(b) The following requirements are satisfied:

(i) The investor has a minimum net worth of either:

(A) Two hundred fifty thousand dollars; or

(B) Seventy thousand dollars provided the investor has a minimum annual income of seventy thousand dollars; and

(ii) The prospective investment by the investor qualifies for one of the following:

(A) The investment in the mortgage paper securities being offered does not exceed twenty percent of the investor's net worth, or joint net worth with that person's spouse: Provided, That the investor's total investment in mortgage paper securities involving any one borrower or the borrower's affiliates may not exceed twenty percent of the investor's net worth, or joint net worth with that person's spouse; or

(B) The investment in the mortgage paper securities being offered does not exceed ten percent of the investor's (including spouse) taxable income for federal tax purposes for the last year: Provided, That the investor's total investment in mortgage paper securities involving any one borrower or the borrower's affiliates may not exceed twenty percent of the investor's net worth, or joint net worth with that investor's spouse.

(2) For purposes of subsections (1)(b)(i)(A) and (B) of this section, net worth shall be determined exclusive of home, home furnishings and automobiles.

(3) The mortgage broker-dealer shall document its determination that an investment in mortgage paper securities is suitable for each investor in accordance with WAC 460-33A-115 (1)(f).

[Statutory Authority: RCW 21.20.060, [21.20].070, [21.20].090, [21.20].100, [21.20].180, [21.20].210, [21.20].250, [21.20].270, and [21.20].450. WSR 12-11-087, § 460-33A-031, filed 5/17/12, effective 6/17/12. Statutory Authority: RCW 21.20.450. WSR 01-23-002, § 460-33A-031, filed 11/7/01, effective 12/8/01; WSR 89-17-078 (Order SDO-124-89), § 460-33A-031, filed 8/17/89, effective 9/17/89; WSR 86-21-107 (Order SDO-140-86), § 460-33A-031, filed 10/20/86.]