

# SENATE BILL REPORT

## SB 6617

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As Passed Senate, February 10, 1996

**Title:** An act relating to the powers of the director to impose fines or sanctions against mortgage brokers.

**Brief Description:** Imposing fines or sanctions against mortgage brokers.

**Sponsors:** Senators Prentice, Sellar and Fraser; by request of Department of Financial Institutions.

**Brief History:**

**Committee Activity:** Financial Institutions & Housing: 1/30/96, 2/1/96 [DP].  
Passed Senate, 2/10/96, 47-0.

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### SENATE COMMITTEE ON FINANCIAL INSTITUTIONS & HOUSING

**Majority Report:** Do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair; Hale, Roach, Sellar, Smith and Sutherland.

**Staff:** Traci Ratzliff (786-7452)

**Background:** In response to consumer complaints, the Legislature adopted a permanent mortgage broker licensing program in 1994. Mortgage brokers operating in Washington are required to possess a license issued by the Department of Financial Institutions (DFI).

The DFI is responsible for implementing and enforcing the provisions of this licensing program. The director of the DFI has specific authority to suspend, revoke or deny licenses or to impose penalties upon violators of cease and desist orders or other orders of the director. Current law also includes language that attempts to provide the director with authority to impose fines for violations of provisions of the Mortgage Broker's Practices Act and rules adopted under this act. The DFI has been challenged regarding whether the director does, in fact, possess this explicit authority under current law.

**Summary of Bill:** The director of the DFI's authority to deny licenses, suspend or revoke licenses, and impose fines and penalties for certain actions is clarified. The director is given explicit authority to suspend, revoke or deny licenses or impose penalties or fines for specific violations of the Mortgage Broker's Practices Act.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** The bill takes effect on July 1, 1996.

**Testimony For:** This bill clarifies authority of DFI to impose sanctions on violations of the Mortgage Brokers Practice Act. The ability to issue fines for violations of this act has been an important enforcement tool. It is a method for obtaining compliance with current law by mortgage brokers without having to suspend or revoke their licenses and forcing these brokers to go out of business.

**Testimony Against:** None.

**Testified:** Mark Thomsen, DFI (pro).