

CERTIFICATION OF ENROLLMENT

SENATE BILL 6617

Chapter 103, Laws of 1996

54th Legislature
1996 Regular Session

MORTGAGE BROKERS--FINES AND SANCTIONS

EFFECTIVE DATE: 7/1/96

Passed by the Senate February 10, 1996
YEAS 47 NAYS 0

JOEL PRITCHARD

President of the Senate

Passed by the House February 29, 1996
YEAS 96 NAYS 0

CLYDE BALLARD

**Speaker of the
House of Representatives**

Approved March 15, 1996

CERTIFICATE

I, Marty Brown, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SENATE BILL 6617** as passed by the Senate and the House of Representatives on the dates hereon set forth.

MARTY BROWN

Secretary

FILED

March 15, 1996 - 3:34 p.m.

MIKE LOWRY

Governor of the State of Washington

**Secretary of State
State of Washington**

SENATE BILL 6617

Passed Legislature - 1996 Regular Session

State of Washington

54th Legislature

1996 Regular Session

By Senators Prentice, Sellar and Fraser; by request of Department of Financial Institutions

Read first time 01/19/96. Referred to Committee on Financial Institutions & Housing.

1 AN ACT Relating to the powers of the director to impose fines or
2 sanctions against mortgage brokers; amending RCW 19.146.220; and
3 providing an effective date.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 19.146.220 and 1994 c 33 s 12 are each amended to read
6 as follows:

7 (1) The director shall enforce all laws and rules relating to the
8 licensing of mortgage brokers, grant or deny licenses to mortgage
9 brokers, and hold hearings.

10 (2) The director may impose (~~any one or more of~~) the following
11 sanctions:

12 (a) (~~Suspend or revoke licenses,~~) Deny applications for
13 licenses(~~, or impose penalties upon violators of~~) for: (i)
14 Violations of orders, including cease and desist orders issued under
15 this chapter(~~. The director may~~); or (ii) any violation of RCW
16 19.146.050 or 19.146.0201(1) through (9);

17 (b) Suspend or revoke licenses for:

1 (i) False statements or omission of material information on the
2 application that, if known, would have allowed the director to deny the
3 application for the original license;

4 (ii) Failure to pay a fee required by the director or maintain the
5 required bond;

6 (iii) Failure to comply with any directive or order of the
7 director; or

8 (iv) Any violation of RCW 19.146.050, 19.146.0201 (1) through (9)
9 or (13), 19.146.205(3), or 19.146.265;

10 (c) Impose fines(~~(, as established by rule by the director,~~) on
11 the licensee, employee or loan originator of the licensee, or other
12 person subject to this chapter for:

13 (i) Any violations of (~~(or failure to comply with)~~) RCW 19.146.0201
14 (1) through (9) or (13), 19.146.030 through 19.146.090, 19.146.200,
15 19.146.205(3), or 19.146.265; or

16 (ii) Failure to comply with any (~~(lawful)~~) directive(~~(, order, or~~
17 requirement)) or order of the director(~~(. Each day's continuance of~~
18 the violation or failure to comply is a separate and distinct violation
19 or failure));

20 (~~(b)~~) (d) Issue ((an)) orders directing a licensee, its employee
21 or loan originator, or other person subject to this chapter to:

22 (i) Cease and desist from conducting business in a manner that is
23 injurious to the public or violates any provision of this chapter(~~(,)~~);
24 or (~~(to)~~)

25 (ii) Pay restitution to an injured borrower; or

26 (~~(e)~~) (e) Issue ((an)) orders removing from office or prohibiting
27 from participation in the conduct of the affairs of a licensed mortgage
28 broker, or both, any officer, principal, employee, or loan
29 originator(~~(, as the case may be,~~) of any licensed mortgage broker or
30 any person subject to licensing under this chapter for:

31 (i) Any violation of 19.146.0201 (1) through (9) or (13),
32 19.146.030 through 19.146.090, 19.146.200, 19.146.205(3), or
33 19.146.265; or

34 (ii) False statements or omission of material information on the
35 application that, if known, would have allowed the director to deny the
36 application for the original license;

37 (iii) Conviction of a gross misdemeanor involving dishonesty or
38 financial misconduct or a felony after obtaining a license; or

39 (iv) Failure to comply with any directive or order of the director.

1 ~~((2) The director may take those actions specified in subsection~~
2 ~~(1) of this section if the director finds any of the following:~~

3 ~~(a) The licensee has failed to pay a fee due the state of~~
4 ~~Washington under this chapter or, to maintain in effect the bond or~~
5 ~~approved alternative required under this chapter; or~~

6 ~~(b) The licensee, employee or loan originator of the licensee, or~~
7 ~~person subject to the license requirements or prohibited practices of~~
8 ~~this chapter has failed to comply with any specific order or demand of~~
9 ~~the director lawfully made and directed to the licensee, employee, or~~
10 ~~loan originator of the licensee in accordance with this chapter; or~~

11 ~~(c) The licensee, its employee or loan originator, or other person~~
12 ~~subject to this chapter has violated any provision of this chapter or~~
13 ~~a rule adopted under this chapter; or~~

14 ~~(d) The licensee made false statements on the application or~~
15 ~~omitted material information that, if known, would have allowed the~~
16 ~~director to deny the application for the original license.))~~

17 (3) Each day's continuance of a violation or failure to comply with
18 any directive or order of the director is a separate and distinct
19 violation or failure.

20 (4) The director shall establish by rule standards for licensure of
21 applicants licensed in other jurisdictions. Every licensed mortgage
22 broker that does not maintain a physical office within the state must
23 maintain a registered agent within the state to receive service of any
24 lawful process in any judicial or administrative noncriminal suit,
25 action, or proceeding, against the licensed mortgage broker which
26 arises under this chapter or any rule or order under this chapter, with
27 the same force and validity as if served personally on the licensed
28 mortgage broker. Service upon the registered agent shall be effective
29 if the plaintiff, who may be the director in a suit, action, or
30 proceeding instituted by him or her, sends notice of the service and a
31 copy of the process by registered mail to the defendant or respondent
32 at the last address of the respondent or defendant on file with the
33 director. In any judicial action, suit, or proceeding arising under
34 this chapter or any rule or order adopted under this chapter between
35 the department or director and a licensed mortgage broker who does not
36 maintain a physical office in this state, venue shall be exclusively in
37 the superior court of Thurston county.

38 NEW SECTION. **Sec. 2.** This act shall take effect July 1, 1996.

Passed the Senate February 10, 1996.
Passed the House February 29, 1996.
Approved by the Governor March 15, 1996.
Filed in Office of Secretary of State March 15, 1996.