

CERTIFICATION OF ENROLLMENT

HOUSE BILL 1211

Chapter 177, Laws of 2001

57th Legislature
2001 Regular Legislative Session

FINANCIAL SERVICES REGULATION FUND

EFFECTIVE DATE: 7/1/01

Passed by the House March 9, 2001
Yeas 98 Nays 0

FRANK CHOPP
**Speaker of the House of
Representatives**

CLYDE BALLARD
**Speaker of the House of
Representatives**

Passed by the Senate April 11, 2001
Yeas 48 Nays 0

BRAD OWEN
President of the Senate

Approved May 7, 2001

GARY LOCKE
Governor of the State of Washington

CERTIFICATE

We, Timothy A. Martin and Cynthia Zehnder, Co-Chief Clerks of the House of Representatives of the State of Washington, do hereby certify that the attached is **HOUSE BILL 1211** as passed by the House of Representatives and the Senate on the dates hereon set forth.

CYNTHIA ZEHNDER
Chief Clerk

TIMOTHY A. MARTIN
Chief Clerk

FILED

May 7, 2001 - 1:19 p.m.

**Secretary of State
State of Washington**

HOUSE BILL 1211

Passed Legislature - 2001 Regular Session

State of Washington

57th Legislature

2001 Regular Session

By Representatives Benson, Simpson, Barlean and Hatfield; by request of Department of Financial Institutions

Read first time 01/19/2001. Referred to Committee on Financial Institutions & Insurance.

1 AN ACT Relating to creating the financial services regulation fund;
2 amending RCW 43.320.080, 43.320.110, 18.44.121, 19.146.205, 19.146.228,
3 19.146.280, 31.35.050, 31.35.080, 31.40.070, 31.40.110, 31.45.030,
4 31.45.050, and 31.45.077; creating a new section; repealing RCW
5 43.320.120 and 43.320.130; providing an effective date; and declaring
6 an emergency.

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

8 **Sec. 1.** RCW 43.320.080 and 1993 c 472 s 22 are each amended to
9 read as follows:

10 The director of financial institutions shall maintain an office at
11 the state capitol, but may with the consent of the governor also
12 maintain branch offices at other convenient business centers in this
13 state. The director shall keep books of record of all moneys received
14 or disbursed by the director into or from the ((banking examination
15 fund, the credit union examination fund, the securities)) financial
16 services regulation fund, and any other accounts maintained by the
17 department of financial institutions.

1 **Sec. 2.** RCW 43.320.110 and 1995 c 238 s 9 are each amended to read
2 as follows:

3 There is created a local fund known as the "~~((banking examination))~~
4 financial services regulation fund" which shall consist of all moneys
5 received by the divisions of the department of financial institutions
6 ~~((from banks, savings banks, foreign bank branches, savings and loan~~
7 ~~associations, consumer loan companies, check cashers and sellers, trust~~
8 ~~companies and departments, and escrow agents))~~, except for the division
9 of securities which shall deposit thirteen percent of all moneys
10 received, and which shall be used for the purchase of supplies and
11 necessary equipment ~~((and))~~; the payment of salaries, wages, and
12 utilities~~((-))~~; the establishment of reserves; and other incidental
13 costs required for the proper regulation of ~~((these companies))~~
14 individuals and entities subject to regulation by the department. The
15 state treasurer shall be the custodian of the fund. Disbursements from
16 the fund shall be on authorization of the director of financial
17 institutions or the director's designee. In order to maintain an
18 effective expenditure and revenue control, the fund shall be subject in
19 all respects to chapter 43.88 RCW, but no appropriation is required to
20 permit expenditures and payment of obligations from the fund.

21 **Sec. 3.** RCW 18.44.121 and 1999 c 30 s 10 are each amended to read
22 as follows:

23 The director shall charge and collect the following fees as
24 established by rule by the director:

25 (1) A fee for filing an original or a renewal application for an
26 escrow agent license, a fee for each application for an additional
27 licensed location, a fee for an application for a change of address for
28 an escrow agent, annual fees for the first office or location and for
29 each additional office or location, and under RCW 43.135.055 the
30 director shall set the annual fee for an escrow agent license up to
31 five hundred sixty-five dollars in fiscal year 2000.

32 (2) A fee for filing an original or a renewal application for an
33 escrow officer license, a fee for an application for a change of
34 address for each escrow officer license being so changed, a fee to
35 activate an inactive escrow officer license or transfer an escrow
36 officer license, and under RCW 43.135.055 the director shall set the
37 annual fee for an escrow officer license up to two hundred thirty-five
38 dollars in fiscal year 2000.

1 (3) A fee for filing an application for a duplicate of an escrow
2 agent license or of an escrow officer license lost, stolen, destroyed,
3 or for replacement.

4 (4) A fee for providing license examinations.

5 (5) An hourly audit fee. In setting this fee, the director shall
6 ensure that every examination and audit, or any part of the examination
7 or audit, of any person licensed or subject to licensing in this state
8 requiring travel and services outside this state by the director or by
9 employees designated by the director, shall be at the expense of the
10 person examined or audited at the hourly rate established by the
11 director, plus the per diem compensation and actual travel expenses
12 incurred by the director or his or her employees conducting the
13 examination or audit. When making any examination or audit under this
14 chapter, the director may retain attorneys, appraisers, independent
15 certified public accountants, or other professionals and specialists as
16 examiners or auditors, the cost of which shall be borne by the person
17 who is the subject of the examination or audit.

18 In establishing these fees, the director shall set the fees at a
19 sufficient level to defray the costs of administering this chapter.

20 All fees received by the director under this chapter shall be paid
21 into the state treasury to the credit of the ((banking examination))
22 financial services regulation fund.

23 **Sec. 4.** RCW 19.146.205 and 1997 c 106 s 9 are each amended to read
24 as follows:

25 (1) Application for a mortgage broker license under this chapter
26 shall be in writing and in the form prescribed by the director. The
27 application shall contain at least the following information:

28 (a) The name, address, date of birth, and social security number of
29 the applicant, and any other names, dates of birth, or social security
30 numbers previously used by the applicant, unless waived by the
31 director;

32 (b) If the applicant is a partnership or association, the name,
33 address, date of birth, and social security number of each general
34 partner or principal of the association, and any other names, dates of
35 birth, or social security numbers previously used by the members,
36 unless waived by the director;

37 (c) If the applicant is a corporation, the name, address, date of
38 birth, and social security number of each officer, director, registered

1 agent, and each principal stockholder, and any other names, dates of
2 birth, or social security numbers previously used by the officers,
3 directors, registered agents, and principal stockholders unless waived
4 by the director;

5 (d) The street address, county, and municipality where the
6 principal business office is to be located;

7 (e) The name, address, date of birth, and social security number of
8 the applicant's designated broker, and any other names, dates of birth,
9 or social security numbers previously used by the designated broker and
10 a complete set of the designated broker's fingerprints taken by an
11 authorized law enforcement officer; and

12 (f) Such other information regarding the applicant's or designated
13 broker's background, financial responsibility, experience, character,
14 and general fitness as the director may require by rule.

15 (2) The director may exchange fingerprint data with the federal
16 bureau of investigation.

17 (3) At the time of filing an application for a license under this
18 chapter, each applicant shall pay to the director the appropriate
19 application fee in an amount determined by rule of the director in
20 accordance with RCW 43.24.086 to cover, but not exceed, the cost of
21 processing and reviewing the application. The director shall deposit
22 the moneys in the (~~(banking examination)~~) financial services regulation
23 fund, unless the consumer services account is created as a dedicated,
24 nonappropriated account, in which case the director shall deposit the
25 moneys in the consumer services account.

26 (4)(a) Each applicant for a mortgage broker's license shall file
27 and maintain a surety bond, in an amount of not greater than sixty
28 thousand dollars nor less than twenty thousand dollars which the
29 director deems adequate to protect the public interest, executed by the
30 applicant as obligor and by a surety company authorized to do a surety
31 business in this state as surety. The bonding requirement as
32 established by the director may take the form of a uniform bond amount
33 for all licensees or the director may establish by rule a schedule
34 establishing a range of bond amounts which shall vary according to the
35 annual average number of loan originators or independent contractors of
36 a licensee. The bond shall run to the state of Washington as obligee,
37 and shall run first to the benefit of the borrower and then to the
38 benefit of the state and any person or persons who suffer loss by
39 reason of the applicant's or its loan originator's violation of any

1 provision of this chapter or rules adopted under this chapter. The
2 bond shall be conditioned that the obligor as licensee will faithfully
3 conform to and abide by this chapter and all rules adopted under this
4 chapter, and shall reimburse all persons who suffer loss by reason of
5 a violation of this chapter or rules adopted under this chapter.
6 Borrowers shall be given priority over the state and other persons.
7 The state and other third parties shall be allowed to receive
8 distribution pursuant to a valid claim against the remainder of the
9 bond. In the case of claims made by any person or entity who is not a
10 borrower, no final judgment may be entered prior to one hundred eighty
11 days following the date the claim is filed. The bond shall be
12 continuous and may be canceled by the surety upon the surety giving
13 written notice to the director of its intent to cancel the bond. The
14 cancellation shall be effective thirty days after the notice is
15 received by the director. Whether or not the bond is renewed,
16 continued, reinstated, reissued, or otherwise extended, replaced, or
17 modified, including increases or decreases in the penal sum, it shall
18 be considered one continuous obligation, and the surety upon the bond
19 shall not be liable in an aggregate or cumulative amount exceeding the
20 penal sum set forth on the face of the bond. In no event shall the
21 penal sum, or any portion thereof, at two or more points in time be
22 added together in determining the surety's liability. The bond shall
23 not be liable for any penalties imposed on the licensee, including, but
24 not limited to, any increased damages or attorneys' fees, or both,
25 awarded under RCW 19.86.090. The applicant may obtain the bond
26 directly from the surety or through a group bonding arrangement
27 involving a professional organization comprised of mortgage brokers if
28 the arrangement provides at least as much coverage as is required under
29 this subsection.

30 (b) In lieu of a surety bond, the applicant may, upon approval by
31 the director, file with the director a certificate of deposit, an
32 irrevocable letter of credit, or such other instrument as approved by
33 the director by rule, drawn in favor of the director for an amount
34 equal to the required bond.

35 (c) In lieu of the surety bond or compliance with (b) of this
36 subsection, an applicant may obtain insurance or coverage from an
37 association comprised of mortgage brokers that is organized as a mutual
38 corporation for the sole purpose of insuring or self-insuring claims
39 that may arise from a violation of this chapter. An applicant may only

1 substitute coverage under this subsection for the requirements of (a)
2 or (b) of this subsection if the director, with the consent of the
3 insurance commissioner, has authorized such association to organize a
4 mutual corporation under such terms and conditions as may be imposed by
5 the director to ensure that the corporation is operated in a
6 financially responsible manner to pay any claims within the financial
7 responsibility limits specified in (a) of this subsection.

8 **Sec. 5.** RCW 19.146.228 and 1997 c 106 s 13 are each amended to
9 read as follows:

10 The director shall establish fees by rule in accordance with RCW
11 43.24.086 sufficient to cover, but not exceed, the costs of
12 administering this chapter. These fees may include:

13 (1) An annual assessment paid by each licensee on or before a date
14 specified by rule;

15 (2) An investigation fee to cover the costs of any investigation of
16 the books and records of a licensee or other person subject to this
17 chapter; and

18 (3) An application fee to cover the costs of processing
19 applications made to the director under this chapter.

20 Mortgage brokers shall not be charged investigation fees for the
21 processing of complaints when the investigation determines that no
22 violation of this chapter occurred or when the mortgage broker provides
23 a remedy satisfactory to the complainant and the director and no order
24 of the director is issued. All moneys, fees, and penalties collected
25 under the authority of this chapter shall be deposited into the
26 (~~banking examination~~) financial services regulation fund, unless the
27 consumer services account is created as a dedicated, nonappropriated
28 account, in which case all moneys, fees, and penalties collected under
29 this chapter shall be deposited in the consumer services account.

30 **Sec. 6.** RCW 19.146.280 and 1997 c 106 s 20 are each amended to
31 read as follows:

32 (1) There is established the mortgage brokerage commission
33 consisting of five commission members who shall act in an advisory
34 capacity to the director on mortgage brokerage issues.

35 (2) The director shall appoint the members of the commission,
36 weighing the recommendations from professional organizations
37 representing mortgage brokers. At least three of the commission

1 members shall be mortgage brokers licensed under this chapter and at
2 least one shall be exempt from licensure under RCW 19.146.020(1)(f).
3 No commission member shall be appointed who has had less than five
4 years' experience in the business of residential mortgage lending. In
5 addition, the director or a designee shall serve as an ex officio,
6 nonvoting member of the commission. Voting members of the commission
7 shall serve for two-year terms with three of the initial commission
8 members serving one-year terms. The department shall provide staff
9 support to the commission.

10 (3) The commission may establish a code of conduct for its members.
11 Any commissioner may bring a motion before the commission to remove a
12 commissioner for failing to conduct themselves in a manner consistent
13 with the code of conduct. The motion shall be in the form of a
14 recommendation to the director to dismiss a specific commissioner and
15 shall enumerate causes for doing so. The commissioner in question
16 shall recuse himself or herself from voting on any such motion. Any
17 such motion must be approved unanimously by the remaining four
18 commissioners. Approved motions shall be immediately transmitted to
19 the director for review and action.

20 (4) Members of the commission shall be reimbursed for their travel
21 expenses incurred in carrying out the provisions of this chapter in
22 accordance with RCW 43.03.050 and 43.03.060. All costs and expenses
23 associated with the commission shall be paid from the (~~banking~~
24 ~~examination~~) financial services regulation fund, unless the consumer
25 services account is created as a dedicated, nonappropriated account, in
26 which case all costs and expenses shall be paid from the consumer
27 services account.

28 (5) The commission shall advise the director on the characteristics
29 and needs of the mortgage brokerage profession.

30 (6) The department, in consultation with other applicable agencies
31 of state government, shall conduct a continuing review of the number
32 and type of consumer complaints arising from residential mortgage
33 lending in the state. The department shall report its findings to the
34 senate committee on financial institutions and house of representatives
35 committee on financial institutions and insurance along with
36 recommendations for any changes in the licensing requirements of this
37 chapter, biennially by December 1st of each even-numbered year.

1 **Sec. 7.** RCW 31.35.050 and 1994 c 92 s 254 are each amended to read
2 as follows:

3 (1) The director is authorized to charge a fee for the estimated
4 direct and indirect costs for examination and supervision by the
5 director of an agricultural lender or a subsidiary of an agricultural
6 lender. Excess examiner time shall be billed at a reasonable rate
7 established by rule.

8 (2) All such fees shall be deposited in the ((~~banking examination~~))
9 financial services regulation fund and administered consistent with the
10 provisions of RCW 43.320.110.

11 **Sec. 8.** RCW 31.35.080 and 1994 c 92 s 257 are each amended to read
12 as follows:

13 (1) The director shall adopt rules to enforce the intent and
14 purposes of this chapter. Such rules shall include, but not be limited
15 to, the following:

16 (a) Disclosure of conflicts of interest;

17 (b) Prohibition of false statements made to the director on any
18 form required by the director or during any examination; or

19 (c) Prevention of fraud and undue influence within an agricultural
20 lender.

21 (2) A violation of any provision of this chapter or any rule of the
22 director adopted under this chapter by an agent, employee, officer, or
23 director of the agricultural lender shall be punishable by a fine,
24 established by the director, not to exceed one hundred dollars for each
25 offense. Each day's continuance of the violation shall be a separate
26 and distinct offense. All fines shall be credited to the ((~~banking~~
27 ~~examination~~)) financial services regulation fund.

28 (3) The director may issue and serve upon an agricultural lender a
29 notice of charges if, in the opinion of the director, the agricultural
30 lender is violating or has violated the law, rule, or any condition
31 imposed in writing by the director or any written agreement made by the
32 director.

33 (a) The notice shall contain a statement of the facts constituting
34 the alleged violation or practice and shall fix a time and place at
35 which a hearing will be held to determine whether an order to cease and
36 desist should issue against the agricultural lender. The hearing shall
37 be set not earlier than ten days nor later than thirty days after

1 service of the notice unless a later date is set by the director at the
2 request of the agricultural lender.

3 Unless the agricultural lender appears at the hearing by a duly
4 authorized representative, it shall be deemed to have consented to the
5 issuance of the cease and desist order. In the event of consent or if,
6 upon the record made at the hearing, the director finds that any
7 violation or practice specified in the notice of charges has been
8 established, the director may issue and serve upon the agricultural
9 lender an order to cease and desist from the violation or practice.
10 The order may require the agricultural lender and its directors,
11 officers, employees, and agents to cease and desist from the violation
12 or practice and may require the agricultural lender to take affirmative
13 action to correct the conditions resulting from the violation or
14 practice.

15 (b) A cease and desist order shall become effective at the
16 expiration of ten days after the service of the order upon the
17 agricultural lender concerned, except that a cease and desist order
18 issued upon consent shall become effective at the time specified in the
19 order and shall remain effective as provided in the order unless it is
20 stayed, modified, terminated, or set aside by action of the director or
21 a reviewing court.

22 **Sec. 9.** RCW 31.40.070 and 1994 c 92 s 266 are each amended to read
23 as follows:

24 (1) The director is authorized to charge a fee for the estimated
25 direct and indirect costs of the following:

26 (a) An application for a license and the investigation thereof;

27 (b) An application for approval to acquire control of a licensee
28 and the investigation thereof;

29 (c) An application for approval for a licensee to merge with
30 another corporation, an application for approval for a licensee to
31 purchase all or substantially all of the business of another person, or
32 an application for approval for a licensee to sell all or substantially
33 all of its business or of the business of any of its offices to another
34 licensee and the investigation thereof;

35 (d) An annual license;

36 (e) An examination by the director of a licensee or a subsidiary of
37 a licensee. Excess examiner time shall be billed at a reasonable rate
38 established by rule.

1 (2) A fee for filing an application with the director shall be paid
2 at the time the application is filed with the director.

3 (3) All such fees shall be deposited in the (~~banking examination~~)
4 financial services regulation fund and administered consistent with the
5 provisions of RCW 43.320.110.

6 **Sec. 10.** RCW 31.40.110 and 1994 c 92 s 270 are each amended to
7 read as follows:

8 (1) The director shall adopt rules to enforce the intent and
9 purposes of this chapter. Such rules shall include, but need not be
10 limited to, the following:

11 (a) Disclosure of conflicts of interest;

12 (b) Prohibition of false statements made to the director on any
13 form required by the director or during any examination requested by
14 the director; or

15 (c) Prevention of fraud and undue influence by a licensee.

16 (2) A violation of any provision of this chapter or any rule of the
17 director adopted under this chapter by an agent, employee, officer, or
18 director of the licensee shall be punishable by a fine, established by
19 the director, not to exceed one hundred dollars for each offense. Each
20 day's continuance of the violation shall be a separate and distinct
21 offense. Each such fine shall be credited to the (~~banking
22 examination~~) financial services regulation fund.

23 **Sec. 11.** RCW 31.45.030 and 1995 c 18 s 4 are each amended to read
24 as follows:

25 (1) Except as provided in RCW 31.45.020, no check casher or seller
26 may engage in business without first obtaining a license from the
27 director in accordance with this chapter. A license is required for
28 each location where a licensee engages in the business of cashing or
29 selling checks or drafts.

30 (2) Each application for a license shall be in writing in a form
31 prescribed by the director and shall contain the following information:

32 (a) The legal name, residence, and business address of the
33 applicant and, if the applicant is a partnership, association, or
34 corporation, of every member, officer, and director thereof;

35 (b) The location where the initial registered office of the
36 applicant will be located in this state;

1 (c) The complete address of any other locations at which the
2 applicant proposes to engage in business as a check casher or seller;

3 (d) Such other data, financial statements, and pertinent
4 information as the director may require with respect to the applicant,
5 its directors, trustees, officers, members, or agents.

6 (3) Any information in the application regarding the personal
7 residential address or telephone number of the applicant is exempt from
8 the public records disclosure requirements of chapter 42.17 RCW.

9 (4) The application shall be filed together with an investigation
10 and supervision fee established by rule by the director. Such fees
11 collected shall be deposited to the credit of the (~~banking~~
12 ~~examination~~) financial services regulation fund in accordance with RCW
13 43.320.110.

14 (5)(a) Before granting a license to sell checks, drafts, or money
15 orders under this chapter, the director shall require that the licensee
16 file with the director a surety bond running to the state of
17 Washington, which bond shall be issued by a surety insurer which meets
18 the requirements of chapter 48.28 RCW, and be in a format acceptable to
19 the director. The director shall adopt rules to determine the penal
20 sum of the bond that shall be filed by each licensee. The bond shall
21 be conditioned upon the licensee paying all persons who purchase
22 checks, drafts, or money orders from the licensee the face value of any
23 check, draft, or money order which is dishonored by the drawee bank,
24 savings bank, or savings and loan association due to insufficient funds
25 or by reason of the account having been closed. The bond shall only be
26 liable for the face value of the dishonored check, draft, or money
27 order, and shall not be liable for any interest or consequential
28 damages.

29 (b) Before granting a small loan endorsement under this chapter,
30 the director shall require that the licensee file with the director a
31 surety bond, in a format acceptable to the director, issued by a surety
32 insurer that meets the requirements of chapter 48.28 RCW. The director
33 shall adopt rules to determine the penal sum of the bond that shall be
34 filed by each licensee. A licensee who wishes to engage in both check
35 selling and making small loans may combine the penal sums of the
36 bonding requirements and file one bond in a form acceptable to the
37 director. The bond shall run to the state of Washington as obligee,
38 and shall run to the benefit of the state and any person or persons who
39 suffer loss by reason of the licensee's violation of this chapter or

1 any rules adopted under this chapter. The bond shall only be liable
2 for damages suffered by borrowers as a result of the licensee's
3 violation of this chapter or rules adopted under this chapter, and
4 shall not be liable for any interest or consequential damages.

5 (c) The bond shall be continuous and may be canceled by the surety
6 upon the surety giving written notice to the director and licensee of
7 its intent to cancel the bond. The cancellation is effective thirty
8 days after the notice is received by the director. Whether or not the
9 bond is renewed, continued, reinstated, reissued, or otherwise
10 extended, replaced, or modified, including increases or decreases in
11 the penal sum, it shall be considered one continuous obligation, and
12 the surety upon the bond shall not be liable in an aggregate or
13 cumulative amount exceeding the penal sum set forth on the face of the
14 bond. In no event shall the penal sum, or any portion thereof, at two
15 or more points in time be added together in determining the surety's
16 liability. The bond shall not be liable for any liability of the
17 licensee for tortious acts, whether or not such liability is imposed by
18 statute or common law, or is imposed by contract. The bond shall not
19 be a substitute or supplement to any liability or other insurance
20 required by law or by the contract. If the surety desires to make
21 payment without awaiting court action against it, the penal sum of the
22 bond shall be reduced to the extent of any payment made by the surety
23 in good faith under the bond.

24 (d) Any person who is a purchaser of a check, draft, or money order
25 from the licensee having a claim against the licensee for the dishonor
26 of any check, draft, or money order by the drawee bank, savings bank,
27 or savings and loan association due to insufficient funds or by reason
28 of the account having been closed, or who obtained a small loan from
29 the licensee and was damaged by the licensee's violation of this
30 chapter or rules adopted under this chapter, may bring suit upon such
31 bond or deposit in the superior court of the county in which the check,
32 draft, or money order was purchased, or in the superior court of a
33 county in which the licensee maintains a place of business.
34 Jurisdiction shall be exclusively in the superior court. Any such
35 action must be brought not later than one year after the dishonor of
36 the check, draft, or money order on which the claim is based. In the
37 event valid claims against a bond or deposit exceed the amount of the
38 bond or deposit, each claimant shall only be entitled to a pro rata
39 amount, based on the amount of the claim as it is valid against the

1 bond, or deposit, without regard to the date of filing of any claim or
2 action.

3 (e) In lieu of the surety bond required by this section, the
4 applicant for a check seller license may file with the director a
5 deposit consisting of cash or other security acceptable to the director
6 in an amount equal to the penal sum of the required bond. In lieu of
7 the surety bond required by this section, the applicant for a small
8 loan endorsement may file with the director a deposit consisting of
9 cash or other security acceptable to the director in an amount equal to
10 the penal sum of the required bond, or may demonstrate to the director
11 net worth in excess of three times the amount of the penal sum of the
12 required bond.

13 The director may adopt rules necessary for the proper
14 administration of the security or to establish reporting requirements
15 to ensure that the net worth requirements continue to be met. A
16 deposit given instead of the bond required by this section is not an
17 asset of the licensee for the purpose of complying with the liquid
18 asset provisions of this chapter. A deposit given instead of the bond
19 required by this section is a fund held in trust for the benefit of
20 eligible claimants under this section and is not an asset of the estate
21 of any licensee that seeks protection voluntarily or involuntarily
22 under the bankruptcy laws of the United States.

23 (f) Such security may be sold by the director at public auction if
24 it becomes necessary to satisfy the requirements of this chapter.
25 Notice of the sale shall be served upon the licensee who placed the
26 security personally or by mail. If notice is served by mail, service
27 shall be addressed to the licensee at its address as it appears in the
28 records of the director. Bearer bonds of the United States or the
29 state of Washington without a prevailing market price must be sold at
30 public auction. Such bonds having a prevailing market price may be
31 sold at private sale not lower than the prevailing market price. Upon
32 any sale, any surplus above amounts due shall be returned to the
33 licensee, and the licensee shall deposit with the director additional
34 security sufficient to meet the amount required by the director. A
35 deposit given instead of the bond required by this section shall not be
36 deemed an asset of the licensee for the purpose of complying with the
37 liquid asset provisions of this chapter.

1 **Sec. 12.** RCW 31.45.050 and 1996 c 13 s 2 are each amended to read
2 as follows:

3 (1) Each applicant and licensee shall pay to the director an
4 investigation fee and an annual assessment fee in an amount determined
5 by rule of the director as necessary to cover the operation of the
6 program. In establishing the fees, the director shall differentiate
7 between check cashing and check selling and making small loans, and
8 consider at least the volume of business, level of risk, and potential
9 harm to the public related to each activity. The fees collected shall
10 be deposited to the credit of the (~~banking examination~~) financial
11 services regulation fund in accordance with RCW 43.320.110.

12 (2) If a licensee intends to do business at a new location, to
13 close an existing place of business, or to relocate an existing place
14 of business, the licensee shall provide written notification of that
15 intention to the director no less than thirty days before the proposed
16 establishing, closing, or moving of a place of business.

17 **Sec. 13.** RCW 31.45.077 and 1995 c 18 s 3 are each amended to read
18 as follows:

19 (1) Each application for a small loan endorsement to a check casher
20 or check seller license must be in writing and in a form prescribed by
21 the director and shall contain the following information:

22 (a) The legal name, residence, and business address of the
23 applicant, and if the applicant is a partnership, corporation, or
24 association, the name and address of every member, partner, officer,
25 and director thereof;

26 (b) The street and mailing address of each location where the
27 licensee will engage in the business of making small loans;

28 (c) A surety bond, or other security allowed under RCW 31.45.030,
29 in the amount required; and

30 (d) Any other pertinent information, including financial
31 statements, as the director may require with respect to the licensee
32 and its directors, officers, trustees, members, or employees.

33 (2) Any information in the application regarding the licensee's
34 personal residential address or telephone number is exempt from the
35 public records disclosure requirements of chapter 42.17 RCW.

36 (3) The application shall be filed together with an investigation
37 and supervision fee established by rule by the director. Fees
38 collected shall be deposited to the credit of the (~~banking~~

1 examination)) financial services regulation fund in accordance with RCW
2 43.320.110.

3 NEW SECTION. **Sec. 14.** All funds in the banking examination fund
4 under RCW 43.320.110, credit unions examination fund under RCW
5 43.320.120, and securities regulation fund under RCW 43.320.130 shall
6 be transferred and credited to the financial services regulation fund
7 on the effective date of this act.

8 NEW SECTION. **Sec. 15.** The following acts or parts of acts are
9 each repealed:

10 (1) RCW 43.320.120 (Credit unions examination fund) and 1993 c 472
11 s 26 & 1981 c 241 s 2; and

12 (2) RCW 43.320.130 (Securities regulation fund) and 1993 c 472 s
13 27.

14 NEW SECTION. **Sec. 16.** This act is necessary for the immediate
15 preservation of the public peace, health, or safety, or support of the
16 state government and its existing public institutions, and takes effect
17 July 1, 2001.

Passed the House March 9, 2001.

Passed the Senate April 11, 2001.

Approved by the Governor May 7, 2001.

Filed in Office of Secretary of State May 7, 2001.