

SENATE BILL REPORT

SB 5077

As Reported by Senate Committee On:
Business, Financial Services & Trade, January 14, 2021

Title: An act relating to providing authority to licensed companies to allow licensed mortgage loan originators to work from their residences without the company licensing the residence as a branch office of the company.

Brief Description: Providing authority to licensed companies to allow licensed mortgage loan originators to work from their residences without the company licensing the residence as a branch office of the company.

Sponsors: Senators Dozier, Mullet, Brown, Das, Warnick and Wilson, C.; by request of Department of Financial Institutions.

Brief History:

Committee Activity: Business, Financial Services & Trade: 1/12/21, 1/14/21 [DP].

Brief Summary of Bill

- Provides mortgage loan originators the flexibility to work from their residence under certain circumstances.

SENATE COMMITTEE ON BUSINESS, FINANCIAL SERVICES & TRADE

Majority Report: Do pass.

Signed by Senators Mullet, Chair; Hasegawa, Vice Chair; Dozier, Ranking Member; Brown, Frockt, Hobbs and Wilson, L.

Staff: Clinton McCarthy (786-7319)

Background: Under existing statute, mortgage loan originators licensed by the Department of Financial Institutions must originate mortgage loans from a licensed location. If a mortgage loan was originated from someone's residence, it would be a violation of the

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Consumer Loan Act, unless the residence is licensed for mortgage loan origination.

Summary of Bill: Mortgage loan originators are provided the flexibility to work from their home without licensing their home as a branch location, provided:

- state security requirements are in place;
- physical business records may not be kept at the residence; and
- work is conducted through the licensed company's secure operating system.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: The pandemic has forced a lot of industries to rely on its employees to do their work from home. People cannot go and see their lenders at a convenient time, nor do many feel safe given the current situation. This seems like a good idea to make the guidance that the Department of Financial Institutions provided to make it temporarily permissible for mortgage loan originators (MLOs) to work from home permanent. We should move forward with this. These statutes need to be updated to reflect our mobile workforce and the changes that have occurred with new technologies. To date, the temporary ability for MLOs to work from home has worked really well. If this bill were to pass, it would be supported through rulemaking with stakeholder feedback. Almost all documentation for refinancing is digital. This cannot happen with significant security resources.

Persons Testifying: PRO: Senator Perry Dozier, Prime Sponsor; Drew Bouton, Washington Department of Financial Institutions; Cindy Fazio, Department of Financial Institutions; Andy McDonough, Upwell Mortgage and Washington Mortgage Bankers Association; Tony Blodgett, New American Funding and Washington Mortgage Bankers Association; Michael Patterson, Washington Association of Mortgage Professionals.

Persons Signed In To Testify But Not Testifying: No one.