

WAC 208-620-322 What are the capital requirements for a nondepository residential mortgage loan servicer applicant or licensee servicing loans not guaranteed by a government sponsored entity (GSE) and/or government corporation? (1)(a) An applicant or licensee servicing residential mortgage loans not including any GSE or government corporation loans must maintain a minimum tangible net worth, based on its nationwide servicing portfolio, as follows:

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|------------------|-------------|
| 0-199 loans | \$100,000 |
| 200-299 loans | \$200,000 |
| 300-399 loans | \$300,000 |
| 400-499 loans | \$400,000 |
| 500-599 loans | \$500,000 |
| 600-699 loans | \$600,000 |
| 700-799 loans | \$700,000 |
| 800-899 loans | \$800,000 |
| 900-999 loans | \$900,000 |
| 1,000 plus loans | \$1,000,000 |

(b) Alternatively the applicant or licensee may maintain a one million dollar surety bond in lieu of tangible net worth.

(c) In addition, the applicant or licensee must maintain liquidity (to include operating reserves) of .00035 times the unpaid principal balance of the portfolio.

(2) An applicant or licensee servicing twenty-five or fewer Washington residential mortgage accounts may apply to the director to waive or adjust one or more of these capital requirements. In considering such a request the director will consider whether the licensee has a positive net worth and adequate operating reserves. For purposes of this section, "operating reserves" are funds set aside in anticipation of future payments or obligations and are included in liquidity.

(3) Licensees must annually or more frequently report, as prescribed by the director, on liquidity (including operating reserves) and tangible net worth.

(4) Any licensee that does not maintain the standards in this section is subject to action by the director including that authority in RCW 31.04.165(4).

(5) The following definitions apply to this section:

(a) Tangible net worth means total equity minus receivables due from affiliated entities, minus goodwill and other intangible assets, and minus the carrying value of pledged assets net of the associated liabilities of the pledged assets.

(b) Liquidity means unrestricted cash and cash equivalents, investment grade securities that are available for sale or held for trade, and unused/available portion of committed servicing advance lines.

[Statutory Authority: RCW 43.320.040 and 31.04.165. WSR 18-24-013, § 208-620-322, filed 11/27/18, effective 1/1/19. Statutory Authority: Chapter 43.320 RCW, RCW 31.04.165, and 31.04.300. WSR 17-01-124, § 208-620-322, filed 12/20/16, effective 1/1/18.]