

WAC 208-620-555 Allowable loan fees and timing of collection.

(1) This subsection applies to junior lien mortgages, and first lien mortgages originated by noncreditors, as defined in the Truth in Lending Act, 15 U.S.C. 1601 and Regulation Z, 12 C.F.R. 1026.

(a) Origination fees. You may charge a nonrefundable, prepaid, loan origination fee not to exceed four percent of the first twenty thousand dollars and two percent thereafter of the principal amount of the loan advanced to or for the direct benefit of the borrower, which fee may be included in the principal balance of the loan.

(b) Brokering fees. When agreed to in writing by the borrower, a fee to a mortgage broker that is not owned by the licensee or under common ownership with the licensee and that performed services in connection with the origination of the loan. A licensee may not receive compensation as a mortgage broker in connection with any loan made by the licensee.

(c) Third-party fees. The only third-party fees you may collect from the borrower before a loan is closed is the actual cost of the credit report and appraisal. You may collect from the borrower reimbursement for fees you actually and properly incurred in connection with the appraisal of property by a qualified, independent, professional, third-party appraiser selected by the borrower and approved by the lender or in the absence of borrower selection, selected by the lender. You must provide a copy of the appraisal to the borrower even if you do not receive reimbursement for the cost of the appraisal.

(d) On adjustable rate residential mortgage loans you may include a prepayment penalty or fee as long as the penalty or fee expires at least sixty days prior to the initial reset period.

(2) Nonmortgage loans. You may charge a nonrefundable, prepaid, loan origination fee not to exceed four percent of the first twenty thousand dollars and two percent thereafter of the principal amount of the loan advanced to or for the direct benefit of the borrower, which fee may be included in the principal balance of the loan.

(3) All loans.

(a)(i) Insurance fees. You may include the premiums for credit and noncredit insurance in the principal amount of the loan, provided that purchase of the insurance is not required to obtain a loan and that this fact is disclosed to the borrower in writing and the borrower's confirmation is obtained by signature on the disclosure form.

(ii) You may only sell single premium credit insurance to a borrower at the inception of coverage if the sale is in compliance with chapter 48.18 RCW.

(b) Third-party fees.

(i) When agreed to in writing by the borrower, you may collect from the borrower at closing reimbursement for fees you paid to third-party service providers who provided goods or services in connection with the preparation of the borrower's loan. Such third-party service providers include, but are not limited to, credit reporting agencies, title companies, appraisers, structural and pest inspectors, and escrow companies. The actual cost of such fees may be included in the amount of the loan. The only third-party fees you may collect from the borrower before a loan is closed is the actual cost of the credit report and appraisal.

(ii) You must not charge or collect any fee to be paid to a third-party service provider, as defined in WAC 208-620-010, in excess of the actual costs paid or to be paid.

(iii) You may use a borrower's credit card information for payment of the credit report or appraisal when paid directly to the third-party service provider.

(iv) You may charge a rate lock fee when agreed to in writing by the borrower. If the borrower breaks the rate agreement, you may keep the fee if you are making the loan, and you have either paid a third party for the interest rate lock or can demonstrate you have otherwise made a financial commitment to protect the rate during the lock period. The fee may not be retained if the borrower rescinds the loan under Regulation Z, if the borrower does not qualify for a loan, or if the loan is denied based on the property appraisal. See also WAC 208-620-510(3).

(c) Late payment penalties. If the loan terms and conditions agreed to by the borrower do not otherwise dictate, you may charge a maximum of ten percent of the installment payment amount on accounts that are delinquent ten days or more.

(d) Attorneys' fees. You may charge reasonable attorneys' fees when a debt is referred for collection to an attorney who is not your salaried employee, actual expenses, and costs incurred in connection with the collection of a delinquent debt, a repossession, or a foreclosure.

(e) Discount points.

(i) You must not collect a fee from the borrower for lowering the interest rate unless the interest rate is actually reduced.

(ii) You must be able to show a definitive mathematical relationship between discount points paid and the interest rate obtained via a rate sheet or pricing engine that was in effect when the interest rate was locked.

(iii) Any applicable residential mortgage loan program add-on fees must be disclosed as part of the discount points.

[Statutory Authority: RCW 43.320.040 and 31.04.165. WSR 19-21-157, § 208-620-555, filed 10/22/19, effective 11/24/19. Statutory Authority: Chapter 43.320 RCW, RCW 31.04.165. WSR 16-08-026, § 208-620-555, filed 3/30/16, effective 4/30/16. Statutory Authority: RCW 43.320.040 and 31.04.165. WSR 13-24-024, § 208-620-555, filed 11/22/13, effective 1/1/14. Statutory Authority: RCW 43.320.040, 31.04.165 and 2010 c 35. WSR 10-20-122, § 208-620-555, filed 10/5/10, effective 11/5/10. Statutory Authority: RCW 43.320.040, 31.04.165, 2009 c 120, and 2009 c 149. WSR 09-24-090, § 208-620-555, filed 12/1/09, effective 1/1/10.]