



Compliments of:

PACIFIC NORTHWEST ESCROW, LLC

RESIDENTIAL SELLER FINANCING WAIVER

ATTACHED:

- 1. Exemptions from licensing RCW 31.04.025 and WAC 208-620-104**
- 2. Residential Seller Financing License Waiver to be completed by the seller and sent to Department of Financial Institutions for approval.**
- 3. Upon written approval from DFI, seller must complete one of the two attached forms and give to purchaser:**
 - A. Residential Disclosure Summary – Fixed Rate Loan**
 - B. Residential Disclosure Summary – Variable Rate Loan**



Exemptions

There are exemptions from licensing at both the company (RCW 31.04.025 and WAC 208-620-104) and individual (WAC 208-620-105) levels. You are exempt if:

- You are providing loans or extending credit primarily for business, commercial, or agricultural purposes. (See RCW 31.04.025(2)(e)).
 - This exemption is not available if you secure the loan with a lien on the borrower's primary residence.
- You are carrying the financing on raw land, even if that raw land is zoned residential. (See RCW 31.04.025(2)(f)).
 - This exemption is not available to a person constructing or acting as a contractor for the construction of residential dwellings.
- You are carrying the financing on the sale of the home you live in. (See WAC 208-620-104(7) and WAC 208-620-105(3)). If you are carrying the financing on the sale of a house you own but do not live in, you are not exempt from licensure but you may be eligible for a license waiver – see the waiver section below.
- You are providing loans or extending credit to immediate family members. (See WAC 208-620-104(6) and WAC 208-620-105(2)).

Waivers

If you are not exempt from licensure, you may still be eligible for a license waiver to make five or fewer unsecured loans and five or fewer residential mortgage loans during a calendar year without holding a company level license if you are not subject to licensing as a mortgage loan originator. (See RCW 31.04.025(3) and [WAC 208-620-232](#)(link is external)).

Note: mortgage loan originator requirements are only relevant for residential mortgage lending. If you are lending money that will not be secured by residential real property, you are not a mortgage loan originator. (See [WAC 208-620-105](#)(link is external) for mortgage loan originator exemptions).

If you are eligible for the license waiver:

1. You must comply with the state's usury rate limit. See chapter [RCW 19.52](#)(link is external).
2. For seller financing or third-party residential financing transactions, you must also:
 - a. Provide the buyer with a disclosure prescribed by the director if you do not provide the borrower with a compliant federal disclosure of the loan terms and conditions and cost of financing; and;
 - b. Follow Washington law if you pursue a foreclosure.

License Waiver Steps

1. Print the applicable license waiver:
 1. Residential seller financing. Use when you are financing the sale of your non-primary residence.
 2. Third-party residential lending. Use when you are lending money to a borrower to purchase residential real property when the loan will be secured by the property.
 3. Third-party lending. Use when you are lending money to a borrower.
2. Fill out the license waiver, including the declaratory portion at the bottom, and return it to the Department via:
 1. Email to SFWaivers@dfi.wa.gov;
 2. Fax to the attention of Ashley Sutherland at (360) 664-2258; or
 3. Mail a hard copy to the Department at the address at the bottom of this webpage, to the attention of Ashley Sutherland.

Do not provide any other loan documents to the Department.

3. When we receive the license waiver we acknowledge it with a return email with a pdf of the license waiver. Our return email is usually within one business day.
4. Provide the completed license waiver to the escrow company, title company, or attorney, if needed.
5. If required, use the links below to print, fill out, and provide the applicable disclosure summary to the borrower.

1. Disclosure Summary – Fixed Rate Loan

Print this document, fill it out and provide it to the buyer.

2. Disclosure Summary – Variable Rate Loan

Print this document, fill it out and provide it to the buyer.

Do not provide the disclosure summary to the Department.

Contact Us

If you have any questions about seller financing or third-party lending, please contact Ashley Sutherland.

Phone: (360) 664-7866

Toll Free: 1-877 RING DFI (746-4334)

Email: SFWaivers@dfi.wa.gov

Mailing Address

For U.S. Postal Service:

Department of Financial Institutions

Attn: Ashley Sutherland

Division of Consumer Services

PO Box 41200

Olympia WA 98504-1200

For Overnight Delivery:

Department of Financial Institutions

Attn: Ashley Sutherland
Division of Consumer Services
150 Israel Rd SW
Tumwater WA 98501

RESIDENTIAL SELLER FINANCING LICENSE WAIVER

Seller Name: _____

Address: _____

RE: Property Address: _____

Pursuant to RCW 31.04.025(3) the Seller(s) is/are granted a waiver from the licensing provisions of the Consumer Loan Act (Act), chapter 31.04 RCW. The license waiver is granted only for the specific transaction involving the Property Address above and as described in communications from the parties.

The license waiver is applicable only to the requirement to license in order to conduct activities subject to the Act, including servicing the residential mortgage loan. The Department of Financial Institutions (Department) otherwise retains its jurisdiction over the transaction. Persons operating under a license waiver are subject to entry and examination by the Department to verify eligibility for the license waiver and to conduct examinations or investigations as permitted by the Act. As to the servicing activity, the Department specifically reserves the right to withdraw the license waiver's applicability to that activity and compel either licensing or cessation of the activity based on the circumstances. Such circumstances might include, but are not limited to, the receipt by the Department of complaints about the servicing activity.

The license waiver is conditioned on the accuracy and completeness of the information provided and is valid only upon the following additional conditions:

1. If you do not provide the borrower with a compliant disclosure under Regulation Z (12 CFR 1026), you must provide the buyer with a disclosure summary of the loan's material terms and conditions. Access the link below to print, complete, and provide the applicable disclosure to the borrower. If a section of the disclosure is not applicable, write "N/A". You may provide the required information in your own format.

<http://dfi.wa.gov/cs/seller-financing.htm>

2. In order to foreclose you must follow the specific foreclosure process set forth in chapter 61.24 RCW or as otherwise required by Washington law.
3. The license waiver is not available for loans above the state's usury limit of twelve percent.

Obtaining and complying with this license waiver from state law may not meet the requirements under the federal Truth in Lending Act as implemented by Section 1026.36 of Regulation Z (12 CFR 1026). It is your responsibility to determine applicability of that law to your transaction. We encourage you to consult with an attorney.

RESIDENTIAL DISCLOSURE SUMMARY – FIXED RATE LOAN

Date / /

Seller:

Borrower:

Property Address:

Mortgage Term (# of monthly payments)

Loan Amount:

\$ _____

Interest Rate:

Principal & Interest Payment:

\$ _____ per month

Fees(describe)

\$ _____

\$ _____

Other conditions of your loan:

Yes No

- Your interest rate is locked
- Your loan has a penalty if you pay off your mortgage early
- Your loan has a balloon payment due on: _____

Other:

RESIDENTIAL DISCLOSURE SUMMARY – VARIABLE RATE LOAN

Date / /

Seller:

Borrower(s):

Property Address:

Mortgage Term (# of monthly payments):

Loan Amount:

\$ _____

Fees(describe)

\$ _____

\$ _____

Interest Rates & Principal & Interest Payments:

Rate

**Monthly
Payment**

Caps (Initial, Subsequent and Lifetime adjustment limits): _____
 (e.g. 1/1/5, 2/2/5 and 5/2/5 are common. 5/2/5 is used when
 the initial introductory rate lasts longer than three years.)

Index (e.g. 1 yr. T-Bill, 1 yr. LIBOR, etc.): _____ Initial _____ % \$ _____

Fully Indexed: _____ % \$ _____

Margin (add to the index to yield the rate): _____ Maximum: _____ % \$ _____

Date of First Interest Rate Adjustment: _____

Date and Timing of Subsequent Adjustments: _____

Other conditions of your loan:

Yes No

- Your interest rate is locked
- Your loan has a penalty if you pay off your mortgage early
- Your loan has a balloon payment due on: _____

Other: _____
