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**SUBSTITUTE HOUSE BILL 1717**

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**State of Washington**

**52nd Legislature**

**1991 Regular Session**

**By** House Committee on Financial Institutions & Insurance (originally sponsored by Representatives Mielke, Day, Tate, Dellwo, Moyer, Belcher, Wood, Padden, Zellinsky, Bowman, Paris, Morton, Anderson, Holland, Broback, Ferguson, Ballard, P. Johnson, Brumsickle, Betrozoff, Chandler, Fuhrman, Nealey, Casada, D. Sommers, Forner, Horn, Wineberry, Scott, Wang, Van Luven, Winsley, Wynne, Brough, Miller, May and Mitchell).

Read first time March 6, 1991.

1 AN ACT Relating to mortgage insurance; amending RCW 19.148.020 and  
2 19.148.030; and adding a new section to chapter 19.148 RCW.

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

4 NEW SECTION. **Sec. 1.** A new section is added to chapter 19.148 RCW  
5 to read as follows:

6 (1) If private mortgage insurance or mortgage guaranty insurance is  
7 required as a condition of a loan closed on or after the effective date  
8 of this act, and there is no written agreement between the borrower and  
9 lender setting forth when such requirement ends, the lender shall  
10 notify the borrower in writing:

11 (a) That the borrower should contact the loan servicing agent for  
12 the conditions that are required to be satisfied;

13 (b) Of the procedures to be followed before such insurance may be  
14 considered for cancellation; and

1 (c) Of the then most common loan to value ratio required before  
2 cancellation will be considered.

3 (2) The notice required under this section shall be given to the  
4 borrower before or upon closing. The notice shall be provided without  
5 cost to the borrower.

6 **Sec. 2.** RCW 19.148.020 and 1989 c 98 s 2 are each amended to read  
7 as follows:

8 Unless the context requires otherwise, the definitions in this  
9 section apply throughout this chapter.

10 (1) "Closing documents" means preliminary negotiations reduced to  
11 writing, estimated settlement charges, security instruments (e.g.,  
12 mortgages and deeds of trust), promissory notes, riders to promissory  
13 notes and/or security instruments, and any other primary document  
14 required by the lender to effect the loan closing. Incidental forms  
15 and statements promulgated by the lender to be executed at closing to  
16 complete loan approval shall not be determined closing documents for  
17 purposes of this definition.

18 (2) "Lender" shall mean any person in the business of making a  
19 loan.

20 (~~(2)~~) (3) "Loan" shall mean any loan used to finance the  
21 acquisition of a one-to-four family owner occupied residence located in  
22 this state.

23 (~~(3)~~) (4) "Purchasing servicing agent" is any person who  
24 purchases, receives through transfer or assignment, or otherwise  
25 acquires the responsibility of the servicing for a loan.

26 (~~(4)~~) (5) "Person" shall include an individual, firm,  
27 association, partnership, business, trust, corporation, or any other  
28 legal entity whether resident or nonresident.

1       **Sec. 3.** RCW 19.148.030 and 1989 c 98 s 3 are each amended to read  
2 as follows:

3       (1) If the servicing for the loan is subject to sale, transfer, or  
4 assignment, a lender shall so disclose in writing at the time of or  
5 prior to loan closing and shall also disclose in the same writing that  
6 when such servicing is sold, transferred, or assigned, the purchasing  
7 servicing agent is required to provide notification to the mortgagor.  
8 If a lender, which has not provided the notice required by this  
9 subsection, consolidates with, merges with or is acquired by another  
10 institution, and thereafter loan servicing becomes subject to sale,  
11 transfer, or assignment, that institution shall within thirty days of  
12 such transaction make the disclosure in writing to the obligor  
13 primarily responsible for repaying each loan according to the records  
14 of the lender.

15       (2) If the servicing of a loan is sold, assigned, transferred, or  
16 otherwise acquired by another person, the purchasing servicing agent  
17 shall:

18       (a)(i) Issue corrected coupon or payment books, if used and  
19 necessary;

20       (ii) Provide notification to the mortgagor at least thirty days  
21 prior to the due date of the first payment to the purchasing servicing  
22 agent, of the name, address, and telephone number of the division from  
23 whom the mortgagor can receive information regarding the servicing of  
24 the loan; and

25       (iii) Inform the mortgagor of changes made regarding the servicing  
26 requirements including, but not limited to, interest rate, monthly  
27 payment amount, and escrow balance; and

28       (b) Respond within fifteen business days upon receipt of a written  
29 request for information from a mortgagor. A written response must

1 include the telephone number of the company division who can assist the  
2 mortgagor.

3       (3) Upon timely request of a loan applicant, a lender shall provide  
4 copies of closing documents to the applicant at least twenty-four hours  
5 prior to loan closing. Each lender must advise a loan applicant at the  
6 time of application that the applicant has the right to request and  
7 receive copies of closing documents or document forms prior to loan  
8 closing.

9       (4) Any person injured by a violation of this chapter may bring an  
10 action for actual damages and reasonable attorneys' fees and costs  
11 incurred in bringing the action.