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HOUSE BILL 1717

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State of Washington

52nd Legislature

1991 Regular Session

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 February 6, 1991. Referred to Committee on Financial Institutions & Insurance.

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, the lender shall notify the borrower  
8 whether or not the borrower has the right to cancel the insurance. If  
9 the borrower has the right to cancel, then the lender shall notify the  
10 borrower in writing of the following:

11 (a) Any identifying loan or insurance information necessary to  
12 permit the borrower to communicate with the insurer or the lender  
13 concerning the insurance;

14 (b) The conditions that are required to be satisfied before the  
15 mortgage insurance may be subject to cancellation; and

1 (c) The procedure the borrower is required to follow to cancel the  
2 private mortgage insurance or mortgage guaranty insurance.

3 (2) The notice required under this section shall be given to the  
4 borrower upon close of escrow or as soon thereafter as the lender knows  
5 or should know the requirements for cancellation of the private  
6 mortgage insurance or mortgage guaranty insurance. The notice shall be  
7 provided without cost to the borrower.

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

10 Unless the context requires otherwise, the definitions in this  
11 section apply throughout this chapter.

12 (1) "Closing documents" means preliminary negotiations reduced to  
13 writing, estimated settlement charges, deeds or deed forms, promissory  
14 notes, final loan contracts, and any other document necessary for  
15 completion of the loan transaction.

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

18 ~~((2))~~ (3) "Loan" shall mean any loan used to finance the  
19 acquisition of a one-to-four family owner occupied residence located in  
20 this state.

21 ~~((3))~~ (4) "Purchasing servicing agent" is any person who  
22 purchases, receives through transfer or assignment, or otherwise  
23 acquires the responsibility of the servicing for a loan.

24 ~~((4))~~ (5) "Person" shall include an individual, firm,  
25 association, partnership, business, trust, corporation, or any other  
26 legal entity whether resident or nonresident.

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

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

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

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

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

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

26 (b) Respond within fifteen business days upon receipt of a written  
27 request for information from a mortgagor. A written response must  
28 include the telephone number of the company division who can assist the  
29 mortgagor.

1       (3) Upon request of a loan applicant, a lender shall provide copies  
2 of all closing documents to the applicant at least twenty-four hours  
3 prior to loan closing. Each lender must advise a loan applicant at the  
4 time of application that the applicant has the right to request and  
5 receive copies of closing documents prior to loan closing.

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