

SENATE BILL REPORT

SB 6767

As of January 26, 2010

Title: An act relating to residential mortgage loan modification disclosure.

Brief Description: Concerning residential mortgage loan modification disclosure.

Sponsors: Senators Berkey, Parlette, Shin and Tom.

Brief History:

Committee Activity: Financial Institutions, Housing & Insurance: 1/27/10.

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & INSURANCE

Staff: Alison Mendiola (786-7483)

Background: In 2007 the Governor convened the Washington Task Force on Homeowner Security, the purpose of which was to evaluate instability in the national subprime mortgage market and to make recommendations to minimize the impact of this national trend in Washington. One charge of the task force was to recommend reforms to Washington lending practices, as needed.

The task force made several recommendations which were enacted into law during the 2008 Legislative Session. One is a requirement that a residential mortgage loan may not be made unless a disclosure summary of all material terms is made on a separate sheet of paper for the borrower in simple plain-language terms. The Department of Financial Institutions (DFI) was directed to develop the format of this disclosure by rule.

Summary of Bill: A residential mortgage loan modification may not be made unless a disclosure summary of all material terms is provided on a separate piece of paper in simple plain-language terms to the borrower 30 days prior to the first payment of the loan modification.

At a minimum, the disclosure is to include the following items: the length and term of the loan modification; whether the modification is on a temporary or trial basis; and a statement that a loan modification may negatively impact the homeowner's credit score.

DFI is to adopt by rule, the format of this disclosure.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: None.

Effective Date: Ninety days after adjournment of session in which bill is passed.