

SENATE BILL REPORT

SHB 2690

As Reported By Senate Committee On:
Financial Institutions & Housing, February 22, 1996

Title: An act relating to authorizing the collection of fees and prepayment penalties for consumer loans.

Brief Description: Authorizing the collection of fees and prepayment penalties for consumer loans.

Sponsors: House Committee on Financial Institutions & Insurance (originally sponsored by Representatives Pelesky, Benton, Dyer, L. Thomas, Huff, D. Sommers, Kessler and Grant).

Brief History:

Committee Activity: Financial Institutions & Housing: 2/20/96, 2/22/96 [DP].

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS & HOUSING

Majority Report: Do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair; Hale, Roach, Sellar, Smith and Sutherland.

Staff: Catherine Mele (786-7470)

Background: Consumer loan companies are regulated by state law. The maximum interest rate consumer loan companies can legally charge is 25 percent per year. Other statutory provisions limit the amount of fees these companies may charge for making a loan and prohibit a prepayment penalty from being assessed when the borrower pays the loan off early.

Summary of Bill: The loan origination fee limitation is removed for real estate loans made by consumer loan companies.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: This bill allows us to operate like other lenders in the state of Washington. It gives us flexibility in lending, and levels the playing field regarding loans secured by real estate.

Testimony Against: None.

Testified: Susie Tracy, W.S. Fin. Serv. Assn. (pro); Tammie Warnke, WA Assn. of Mortgage Brokers (pro).