

# SENATE BILL REPORT

## SB 5672

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As Reported By Senate Committee On:  
Financial Services, Insurance & Housing, February 27, 2003

**Title:** An act relating to residential mortgage loans.

**Brief Description:** Requiring disclosure of certain information about residential mortgage loans.

**Sponsors:** Senators Keiser, Winsley, Prentice, Doumit and Kohl-Welles.

**Brief History:**

**Committee Activity:** Financial Services, Insurance & Housing: 2/27/03 [DP].

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### SENATE COMMITTEE ON FINANCIAL SERVICES, INSURANCE & HOUSING

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**Majority Report:** Do pass.

Signed by Senators Winsley, Vice Chair; Keiser, Prentice and Zarelli.

**Staff:** Jack Brummel (786-7428)

**Background:** The Consumer Loan Act regulates consumer loan companies, lenders who make loans at higher interest rates than other financial institutions or credit card issuers. For loans secured by liens on real property, those who are licensed under the act are required to provide, within three days of receipt of a loan application, disclosure of rates and fees.

**Summary of Bill:** Licensees are required to provide a written notice with each home loan application which provides at least three sources of consumer information useful to applicants in determining the suitability of loan terms. The notice is to be in 12 point type and include contact information for the Department of Financial Institutions.

Prior to the closing of a home loan, licensees are required to provide, in 12 point type, a notice of the loan rate and whether or not the loan has a prepayment penalty. The notice is to serve as the cover sheet for all documents to be signed at closing.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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

**Testimony For:** Consumers need more information at the time of application and at closing. The bill clearly indicates the borrower should be protected. The Department of Financial Institutions supports the bill.

**Testimony Against:** There are already too many papers in the closing documents. People will be giving advice when they are not experts.

**Testified:** Senator Keiser, prime sponsor (pro); Dan Shoemaker, WA Senior Citizens Lobby (pro); Mark Thomson, Dept. of Financial Information (pro); John Wimbush, ACORN (pro); Jim Boldt, WA Financial Services (concerns); Jim Brown, Dale Miller, WA Assn. of Mortgage Brokers (concerns).