
Financial Institutions & Insurance Committee

HB 1588

Brief Description: Clarifying the ability to charge residential mortgage loan fees.

Sponsors: Representatives Kirby, Bailey, Hurst, Roach, Simpson and Morrell.

<p style="text-align: center;">Brief Summary of Bill</p> <ul style="list-style-type: none">• Clarifies that a financial institution is not prohibited from certain charging fees that are permitted by the Federal Housing Administration (FHA) or the federal Veterans Administration (VA) in connection with a FHA loan or a VA loan.
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Hearing Date: 2/5/09

Staff: Jon Hedegard (786-7127)

Background:

The Department of Financial Institutions (DFI) licenses mortgage brokers and loan originators under the Mortgage Broker Practices Act (MBPA). The MBPA has provisions regarding licensing, continuing education, prohibited practices, examinations, investigations, and criminal, civil, and administrative penalties.

In 2007 Governor Gregoire established the Task Force for Homeowner Security. The Task Force made a number of recommendations. In 2008 the Legislature passed Substitute House Bill 2770 which included a number of the recommendations. The bulk of Substitute House Bill 2770 was codified as a new chapter, chapter 19.144 RCW.

In chapter 19.144 RCW, "financial institution" is defined to include:

- state chartered commercial banks, alien banks, savings banks, savings associations credit unions;
- consumer loan companies; and

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- mortgage brokers and lenders.

Summary of Bill:

Chapter 19.144 RCW does not prohibit a financial institution from charging fees, including discount points, permitted by:

- the Federal Housing Administration (FHA) in connection with a residential mortgage loan insured by the FHA; or
- the Veterans Administration (VA) in connection with a residential mortgage loan under the VA home loan guaranty program.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.