

HOUSE BILL REPORT

HB 1104

As Passed House:

February 25, 2021

Title: An act relating to extending the operation of the mortgage lending fraud prosecution account until June 30, 2027.

Brief Description: Extending the operation of the mortgage lending fraud prosecution account until June 30, 2027.

Sponsors: Representatives Ryu and Kloba; by request of Department of Financial Institutions.

Brief History:

Committee Activity:

Appropriations: 1/19/21, 2/1/21 [DP].

Floor Activity:

Passed House: 2/25/21, 97-1.

Brief Summary of Bill

- Extends the operation of the Mortgage Lending Fraud Prosecution Account until June 30, 2027.
- Extends the surcharge for prosecution of mortgage lending fraud until June 30, 2027.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass. Signed by 33 members: Representatives Ormsby, Chair; Bergquist, Vice Chair; Gregerson, Vice Chair; Macri, Vice Chair; Stokesbary, Ranking Minority Member; Chambers, Assistant Ranking Minority Member; Corry, Assistant Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Boehnke, Caldier, Chandler, Chopp, Cody, Dolan, Dye, Fitzgibbon, Frame, Hansen, Harris, Hoff, Jacobsen, Johnson, J., Lekanoff, Pollet, Rude, Ryu, Schmick, Senn, Springer, Steele,

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

Stonier, Sullivan and Tharinger.

Staff: Heidi Cao (786-7157).

Background:

The Mortgage Lending Fraud Prosecution Account (Account) will expire on June 30, 2021. The Account is in the custody of the State Treasurer, and only the Director of the Department of Financial Institutions or the Director's designee may authorize expenditures from the Account. Expenditures from the Account may be used only for criminal prosecution of fraudulent activities related to mortgage lending fraud crimes.

The Account contains revenue from a \$1 surcharge collected by the county auditor at the time of recording of each deed of trust. This surcharge does not apply to assignments or substitutions of previously recorded deeds of trust. The auditor may retain up to 5 percent of the surcharge, and the remainder is transmitted monthly to the State Treasurer, who deposits the funds into the Account. The surcharge will expire on June 30, 2021.

Summary of Bill:

The expiration date for the Mortgage Lending Fraud Prosecution Account and for the \$1 surcharge on deeds of trust is extended until June 30, 2027.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Staff Summary of Public Testimony:

(In support) Mortgage lending fraud is complex in scope and could be difficult for local authorities to handle without the additional dedicated resources to investigate complex cases in real estate. House Bill 1104 authorizes the continuation of the \$1 surcharge collected by the county auditor and the Mortgage Lending Fraud Prosecution Account, and allows for sustained and sustainable prosecution of mortgage lending fraud crimes.

(Opposed) None.

Persons Testifying: Representative Ryu, prime sponsor; Russell Brown, Washington Association of Prosecuting Attorneys; Hugo Torres, King County Prosecutor's Office; and Cindy Fazio, Department of Financial Institutions.

Persons Signed In To Testify But Not Testifying: None.