H-3067.1

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**SUBSTITUTE HOUSE BILL 2081**

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**State of Washington 68th Legislature 2024 Regular Session**

**By** House Consumer Protection & Business (originally sponsored by Representatives Hackney, Walen, Taylor, Reeves, Leavitt, Gregerson, Orwall, Reed, Berry, Callan, Macri, and Chopp)

AN ACT Relating to regulating home equity sharing agreements under the consumer loan act; creating a new section; and providing an expiration date.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

NEW SECTION. **Sec.**  (1) The department of financial institutions shall conduct a study on home equity sharing agreements that reviews the need for regulation along with potential recommendations for future regulation or legislation. The study shall:

(a) Include data and information on home equity sharing agreements that provides an understanding of how these agreements are being used, how many are being used, and who is using them;

(b) Review how home equity sharing agreements are advertised and marketed to consumers;

(c) Identify a potential licensing structure for persons or businesses that offer home equity sharing agreements;

(d) Review the disclosures and contracts provided to homeowners who consider or enter into a home equity sharing agreement;

(e) Review how the home equity sharing agreement market currently uses discounts, exchange ratios, or other mechanisms for embedded returns;

(f) Identify the need for potential caps or limits on equity returns;

(g) Identify the need for prohibiting certain practices related to home equity sharing agreements; and

(h) Evaluate the potential impact to the home equity sharing agreement market if potential regulations are implemented.

(2) The department of financial institutions shall consult with members from the home equity sharing agreement industry, consumers, and others as necessary to conduct the study and develop recommendations.

(3) The department of financial institutions shall submit a report to the appropriate committees of the legislature in accordance with RCW 43.01.036 by December 1, 2024, with the department's recommendations regarding regulations for the home equity sharing agreement market.

(4) This section expires August 1, 2025.

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