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**SUBSTITUTE SENATE BILL 5432**

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**State of Washington**

**53rd Legislature**

**1993 Regular Session**

**By** Senate Committee on Labor & Commerce (originally sponsored by Senators Pelz, Prentice, Moore, Franklin, Bauer, Wojahn, Fraser and Skratek)

Read first time 02/22/93.

1 AN ACT Relating to a study of discrimination based on race and  
2 national origin in mortgage lending; and creating new sections.

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

4 NEW SECTION. **Sec. 1.** The federal home mortgage disclosure act has  
5 recently required depository institutions to analyze and make available  
6 first-time loan and rejection rates by race, national origin, and  
7 income, among other factors. According to these data, some depository  
8 institutions operating in Washington state have rejected a  
9 disproportionate number of mortgage applications from minorities, even  
10 when income is taken into account. With this study, the legislature  
11 intends to support the lending institutions in their attempts to remedy  
12 this problem.

13 NEW SECTION. **Sec. 2.** The supervisor of banking and supervisor of  
14 savings and loan associations shall perform a study of the problem of  
15 discrimination based on race and national origin in home mortgage  
16 lending after 1990. The study must address the nature of the problem  
17 and why it is occurring, what depository institutions around the  
18 country and in this state are doing to solve the problem, and suggest

1 what depository institutions operating in this state could do to solve  
2 the problem. The supervisor of banking and supervisor of savings and  
3 loan associations shall report the results of the study to the  
4 committees on financial institutions and insurance of the house of  
5 representatives and the committee on labor and commerce of the senate  
6 by December 1, 1993. For purposes of this section, the term  
7 "depository institution" means a commercial bank, savings bank, savings  
8 and loan association, building and loan association, homestead  
9 association including cooperative banks, or credit union that makes  
10 federally related mortgage loans as determined by the federal reserve  
11 board, mortgage banking subsidiary of a bank holding company or savings  
12 and loan holding company, or savings and loan service corporation that  
13 originates or purchases loans.

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