

VETO MESSAGE ON HB 1411

April 25, 1997

To the Honorable Speaker and Members,

The House of Representatives of the State of Washington

Ladies and Gentlemen:

I am returning herewith, without my approval as to Engrossed House Bill No. 1411 entitled:

"AN ACT Relating to authorizing the collection of fees in connection with making consumer loans;"

This legislation would have deregulated the origination fee and removed restrictions on third-party fees that consumer loan companies may charge on loans secured by real estate.

While I am supportive of creating a favorable climate for Washington's financial institutions, I am concerned about the impact this legislation might have had on unsophisticated or high-risk borrowers.

Consumer loan companies enjoy the benefits of the Consumer Loan Act, and have historically existed to make credit available to high-risk borrowers. However, many consumer loan companies are moving away from small loans secured by personal property or unsecured, and are competing with banks for real-estate secured loans.

EHB 1411 would blur the distinction between traditional mortgage lenders and consumer loan companies. I am concerned that unsophisticated consumers or those with poor credit could be susceptible to the kind of financial disadvantages the original legislation was designed to protect them from.

For these reasons, I have vetoed Engrossed House Bill No. 1411 in its entirety.

Respectfully submitted,  
Gary Locke  
Governor