

HOUSE BILL REPORT

SSB 5468

As Reported by House Committee On: Financial Institutions & Insurance

Title: An act relating to permitting an exemption for nonprofit housing organizations from the consumer loan act.

Brief Description: Permitting an exemption for nonprofit housing organizations from the consumer loan act.

Sponsors: Senate Committee on Financial Institutions, Housing & Insurance (originally sponsored by Senators Honeyford, McCaslin, Kilmer, King, Delvin, Jacobsen, Berkey and Shin).

Brief History:

Committee Activity:

Financial Institutions & Insurance: 3/17/09, 3/26/09 [DPA].

Brief Summary of Substitute Bill (As Amended by House)

- Exempts from the provisions of the Consumer Loan Act, nonprofit housing organizations making loans under certain federal and state funded housing programs.

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: Do pass as amended. Signed by 11 members: Representatives Kirby, Chair; Kelley, Vice Chair; Bailey, Ranking Minority Member; Parker, Assistant Ranking Minority Member; Hurst, McCoy, Nelson, Roach, Rodne, Santos and Simpson.

Staff: Alison Hellberg (786-7152)

Background:

The Consumer Loan Act (CLA) requires that businesses making secured or unsecured loans be licensed by the Department of Financial Institutions (Department). The provisions of the CLA do not apply to banks, savings banks, trust companies, savings and loans, credit unions,

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pawnbroking businesses, credit card companies, or retail installment sales of goods and services. The CLA restricts certain loan provisions, requires that lenders fully disclose the terms of loans, and prohibits lenders from engaging in unfair and deceptive acts and practices. The CLA licensees regulated by the Department must obtain a surety bond and provide the Department with certain information.

Summary of Amended Bill:

The requirements of the CLA do not apply to nonprofit housing organizations, or loans made, under housing programs that are funded by federal or state programs if the primary purpose is to assist low-income borrowers with purchasing or repairing housing or the development of low-income housing.

Amended Bill Compared to Original Bill:

The exemption to the Consumer Loan Act is limited to nonprofit housing organizations and removes other persons making loans from the exemption. The exemption to the CLA is also limited to nonprofit housing organizations that are funded by federal and state programs rather than those funded by federal, state, or private programs.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) There are several agencies that do some sort of lending or lending assistance. It is important to insure that these groups do not need to be licensed under the CLA. The bond is very expensive and the Department has done everything it can, but this bill is needed. Some of the agencies make loans with a limited amount of interest. This exemption is very similar to an exemption in the bill related to the Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (SAFE Act). The Department is comfortable with either version of the exemption.

(Opposed) None.

Persons Testifying: Deb Bortner, Department of Financial Institutions; Kim Herman, Housing Finance Commission; and Nick Federici, Washington Low Income Housing Alliance.

Persons Signed In To Testify But Not Testifying: None.