

# FINAL BILL REPORT

## SSB 5468

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### C 311 L 09

#### Synopsis as Enacted

**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).

**Senate Committee on Financial Institutions, Housing & Insurance**  
**House Committee on Financial Institutions & Insurance**

**Background:** The Consumer Lending Act (CLA) was first passed in 1991 in order to protect Washington consumers from high-interest lenders. It was a combination of the Consumer Finance Act and the Industrial Loan Act, and has been amended several times. Under the CLA, a person or business is not permitted to engage in the business of making secured or unsecured loans without a license from the Department of Financial Institutions (DFI). This does not apply if the person is a bank, savings bank, trust company, savings and loan, credit union, or credit card company, or making a loan under the chapter dealing with retail installment sales of goods and services.

Persons licensed by DFI to make loans are subject to a number of restrictions on predatory or fraudulent behavior, must possess a surety bond, must provide DFI with particular information, and are subject to monitoring and regulation by DFI.

**Summary:** Nonprofit housing organizations making loans under state- or federally-funded housing programs are exempt from the CLA. Lenders and loans are only exempt if the primary purpose of the lending program is to assist low-income borrowers purchasing or repairing a home, or for development of low-income housing.

**Votes on Final Passage:**

Senate	45	0	
House	95	0	(House amended)
Senate	46	0	(Senate concurred)

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

**Effective:** July 26, 2009