

HOUSE BILL REPORT

SSB 6571

As Reported By House Committee On:
Financial Institutions & Insurance

Title: An act relating to disclosing information prior to a residential mortgage loan closing.

Brief Description: Disclosing information on residential real estate.

Sponsors: Senate Committee on Labor & Commerce (originally sponsored by Senators Moore, Wojahn, Gaspard, Franklin, Prentice and Winsley).

Brief History:

Reported by House Committee on:
Financial Institutions & Insurance, February 23, 1994,
DPA.

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: Do pass as amended. Signed by 13 members: Representatives Zellinsky, Chair; Scott, Vice Chair; Mielke, Ranking Minority Member; Dyer, Assistant Ranking Minority Member; Anderson; Dellwo; Dorn; R. Johnson; Kessler; Kremen; Lemmon; Schmidt and Tate.

Staff: Charlie Gavigan (786-7340).

Background: Residential real estate lending is regulated by the federal government and Washington State. For instance, federal law prohibits discrimination in lending and requires disclosures regarding truth-in-lending, loan settlement charges, and other important information. Washington State regulates many of the practitioners and practices involved in real estate sales, including lenders, real estate brokers, appraisers, mortgage brokers, and deeds and conveyances.

Lenders are required by federal law to provide a copy of the appraisal to the borrower upon request.

Summary of Amended Bill: Every lender must provide a purchaser obtaining a loan to purchase a residence with a copy of the appraisal and other documents obtained by the lender regarding the value and condition of the residence. This must be done prior to closing unless the

borrower/purchaser waives the right to receive these documents before closing.

Amended Bill Compared to Substitute Bill: The amendment requires that appraisals and other documents be provided to the borrower prior to closing unless waived by the borrower (instead of providing these documents at least five days prior to closing).

Fiscal Note: Not requested.

Effective Date of Amended Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: This bill is needed to protect purchasers by ensuring purchasers are given the opportunity to review the appraisal and other documents regarding the condition of the property prior to closing.

Testimony Against: Federal law already provides the borrower with access to the appraisal.

Witnesses: Senator Wojahn (supports); and Larry Shannon, Washington Mortgage Bankers Association (opposes).