

SENATE BILL REPORT

SB 6571

AS REPORTED BY COMMITTEE ON LABOR & COMMERCE, FEBRUARY 4, 1994

Brief Description: Disclosing information on residential real estate.

SPONSORS: Senators Moore, Wojahn, Gaspard, Franklin, Prentice and Winsley

SENATE COMMITTEE ON LABOR & COMMERCE

Majority Report: That Substitute Senate Bill No. 6571 be substituted therefor, and the substitute bill do pass.

Signed by Senators Moore, Chairman; Prentice, Vice Chairman; Amondson, Deccio, Fraser, McAuliffe, Newhouse, Pelz, Prince, Sellar, Sutherland, Vognild and Wojahn.

Staff: Catherine Mele (786-7470)

Hearing Dates: February 3, 1994; February 4, 1994

BACKGROUND:

Before the purchase of a residence there are various reports generated regarding the value and condition of a residence. These reports include appraisals, inspections, and may include other documentation. Often a residential mortgage lender obtains copies of these reports, before approving a loan, in order to assess the value and condition of the residence being financed.

Concerns have been expressed that lenders should have a duty to share appraisals, inspections, and other pertinent documentation with purchasers of a residence prior to the closing of a residential mortgage loan.

SUMMARY:

Lenders are required to provide a borrower with copies of all documents that lenders have in their possession concerning the condition or value of a residence being financed by the lenders. Lenders must provide these documents at least five days before the closing of a residential mortgage loan.

EFFECT OF PROPOSED SUBSTITUTE:

A lender must provide the borrower true and complete copies of the appraisals, inspections, and other reports reflecting the condition and value of the residence. The borrower may waive the requirement to have these documents five days before closing.

Appropriation: none

Revenue: none

Fiscal Note: requested

TESTIMONY FOR:

If a lender has information regarding the flaws in a residence, it should be brought to the attention of the borrower. The lender maintains this information and can easily show it to the borrower before closing. Currently, banks have no affirmative duty to provide such information.

TESTIMONY AGAINST:

The seller or the appraiser should be required to provide these documents to the borrower.

TESTIFIED: R.H. Woodworth, (pro); Larry C. Shannon, WA Mortgage Lenders Assn. (con); Jerry Gordon, Beneficial Management Corp. (con); Sue Traci, WSFSA (con); Pat Gann (pro)