
SENATE BILL 6623

State of Washington 57th Legislature

2002 Regular Session

By Senators Gardner and Winsley

Read first time 01/23/2002. Referred to Committee on Labor, Commerce & Financial Institutions.

1 AN ACT Relating to a task force to study mortgage lending; creating
2 a new section; and providing an expiration date.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 NEW SECTION. **Sec. 1.** (1) The legislature finds that many
5 consumers may not be eligible for home loans under traditional
6 standards used by banks and they may borrow from subprime lenders at
7 terms that are disadvantageous to them and are not justified by the
8 slight increase in risk they might represent to a lender. The
9 legislature further finds that some of the problems with subprime and
10 predatory lending in the mortgage lending market include: High-
11 interest rate loans; excessive closing costs and fees; prepayment
12 penalties; single-premium credit insurance; negative amortization and
13 balloon payments; steering and using bait and switch tactics; financing
14 of fees; making loans based only upon the equity in the property and
15 not the ability to pay; servicing loans in a deceptive manner; and
16 failing to include payment of homeowners' insurance and property taxes
17 without telling the borrower.

18 (2) To review methods for removing unnecessary and unfair burdens
19 from borrowers in the home mortgage market, a legislative joint task

1 force shall review and make recommendations for legislation. Issues
2 that should be reviewed include: (a) The adequacy of notice
3 requirements; (b) methods to encourage greater participation by prime
4 lenders in low and moderate-income mortgage lending; (c) the
5 application of a suitability standard in residential mortgage loans;
6 (d) the use of residential mortgage foreclosure by subprime lenders;
7 (e) methods of improving compliance with lenders' responsibilities
8 under state and federal law; and (f) any other issues considered
9 relevant by the task force.

10 (3) The joint task force shall consist of eight members, two
11 members from each caucus of the senate labor, commerce, and financial
12 institutions committee, appointed by the chair of the committee, and
13 two members from each caucus of the house of representatives financial
14 institutions and insurance committee, appointed by the chair of the
15 committee. In addition, the department of financial institutions shall
16 cooperate with the task force and maintain a liaison with the task
17 force. The task force shall choose its chair or cochairs from among
18 its membership.

19 (4) The task force shall report its findings and recommendations to
20 the appropriate committees of the legislature by December 1, 2002.

21 (5) This section expires June 1, 2003.

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