
SUBSTITUTE HOUSE BILL 1081

State of Washington

58th Legislature

2003 Regular Session

By House Committee on Financial Institutions & Insurance (originally sponsored by Representatives Hunter, Benson, Schual-Berke, Newhouse, Cooper, Roach and Simpson)

READ FIRST TIME 02/14/03.

1 AN ACT Relating to the mortgage lending fraud prosecution account;
2 adding a new section to chapter 36.22 RCW; adding a new section to
3 chapter 43.320 RCW; creating a new section; and providing expiration
4 dates.

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

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 36.22 RCW
7 to read as follows:

8 (1) Except as provided in subsection (2) of this section, a
9 surcharge of one dollar shall be charged by the county auditor at the
10 time of recording of each deed of trust, which will be in addition to
11 any other charge authorized by law. The auditor may retain up to five
12 percent of the funds collected to administer collection. The remaining
13 funds shall be transmitted monthly to the state treasurer who will
14 deposit the funds into the mortgage lending fraud prosecution account
15 created in section 2 of this act. The department of financial
16 institutions is responsible for the distribution of the funds in the
17 account and shall, in consultation with the attorney general and local
18 prosecutors, develop rules for the use of these funds to pursue

1 criminal prosecution of fraudulent activities within the mortgage
2 lending process.

3 (2) The surcharge imposed in this section does not apply to
4 assignments or substitutions of previously recorded deeds of trust.

5 (3) This section expires June 30, 2008.

6 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.320 RCW
7 to read as follows:

8 (1) The mortgage lending fraud prosecution account is created in
9 the custody of the state treasurer. All receipts from the surcharge
10 imposed in section 1 of this act, except those retained by the county
11 auditor for administration, must be deposited into the account. Except
12 as otherwise provided in this section, expenditures from the account
13 may be used only for criminal prosecution of fraudulent activities
14 related to mortgage lending fraud crimes. Only the director of the
15 department of financial institutions or the director's designee may
16 authorize expenditures from the account. The director shall transfer
17 all deposits into the account that exceed seven hundred thousand
18 dollars during any fiscal year to the Washington housing trust fund.
19 The account is subject to allotment procedures under chapter 43.88 RCW,
20 but an appropriation is not required for expenditures.

21 (2) This section expires June 30, 2008.

22 NEW SECTION. **Sec. 3.** (1) Before December 31st of every year, the
23 department of financial institutions shall provide the senate and house
24 of representatives committees that address matters related to financial
25 institutions with a written report outlining the activity of the
26 mortgage lending fraud prosecution account.

27 (2) This section expires June 30, 2008.

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