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**SUBSTITUTE SENATE BILL 5118**

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**State of Washington**

**58th Legislature**

**2003 Regular Session**

**By** Senate Committee on Financial Services, Insurance & Housing  
(originally sponsored by Senators Prentice, Winsley, Reardon,  
Schmidt, Esser, Zarelli and Keiser)

READ FIRST TIME 02/24/03.

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, 2006.

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 account is subject to  
17 allotment procedures under chapter 43.88 RCW, but an appropriation is  
18 not required for expenditures.

19 (2) This section expires June 30, 2006.

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

25 (2) This section expires June 30, 2006.

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