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SENATE BILL 5672

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State of Washington

58th Legislature

2003 Regular Session

By Senators Keiser, Winsley, Prentice, Doumit and Kohl-Welles

Read first time 02/05/2003. Referred to Committee on Financial Services, Insurance & Housing.

1 AN ACT Relating to residential mortgage loans; and adding new  
2 sections to chapter 31.04 RCW.

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

4 NEW SECTION. **Sec. 1.** A new section is added to chapter 31.04 RCW  
5 to read as follows:

6 Each licensee providing an application for a residential mortgage  
7 loan shall give a written notice to each applicant that provides at  
8 least three sources of consumer information developed by governmental  
9 or nonprofit organizations that would assist the applicant in  
10 determining what loan terms would be suitable for the applicant. The  
11 notice must be in twelve-point bold faced type or larger on a single  
12 sheet of paper separate from all other documents. The notice must  
13 include the mailing address and phone number for the department of  
14 financial institutions and the internet address of the department's  
15 consumer information web site that includes mortgage borrowers and  
16 predatory lending information.

17 NEW SECTION. **Sec. 2.** A new section is added to chapter 31.04 RCW  
18 to read as follows:

1        A licensee shall provide, prior to the closing of a residential  
2 mortgage loan, a notice to each borrower of the annual percentage rate  
3 of the loan and whether or not the loan has a prepayment penalty. The  
4 notice must be in twelve-point bold faced type or larger on a separate  
5 sheet of paper that serves as the cover sheet for all documents to be  
6 signed at closing and must be in substantially the following form:

7 "NOTICE TO BORROWER:

- 8        (1) The annual percentage rate of your loan is . . . %  
9        (2) Prepayment penalty:  
10        (a) Your loan has a prepayment penalty of . . .  
11        (b) Your loan does not have a prepayment penalty."

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