

# SENATE BILL REPORT

## HB 2338

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As Reported By Senate Committee On:  
Financial Institutions, Housing & Consumer Protection, February 21, 2006

**Title:** An act relating to the extension of the mortgage lending fraud prosecution account.

**Brief Description:** Extending the mortgage lending fraud prosecution account.

**Sponsors:** Representatives Kirby, Roach, Chase, Dickerson, Ericks, Simpson, Upthegrove and Schual-Berke; by request of Department of Financial Institutions.

**Brief History:** Passed House: 1/25/06, 98-0.

**Committee Activity:** Financial Institutions, Housing & Consumer Protection: 2/21/06 [DP].

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### SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & CONSUMER PROTECTION

**Majority Report:** Do pass.

Signed by Senators Fairley, Chair; Berkey, Vice Chair; Benton, Ranking Minority Member; Benson, Brandland, Finkbeiner, Franklin, Keiser, Schmidt and Spanel.

**Staff:** Jennifer Arnold (786-7471)

**Background:** The Mortgage Lending Fraud Prosecution Account (MLFPA) was created by the Legislature in 2003. Account funding is dedicated to the prosecution of consumer fraud in the mortgage lending process and is to be used to enhance the law enforcement capabilities at both the state and local level.

The account is administered by the Department of Financial Institutions (DFI). Funds for the account are generated by a \$1 surcharge assessed by the county auditor on the recording of a deed of trust. In administering collection of the surcharge, the county auditor may retain up to five percent of the funds collected; the remainder must be transferred to the State Treasurer for deposit in the MLFPA. Account distributions are authorized by the DFI, in consultation with the Attorney General and local prosecutors.

The DFI must make an annual report to the Legislature, which outlines MLFPA activity.

The statutory authority for the account's creation, funding, and administration expires on June 30, 2006.

**Summary of Bill:** The expiration date of the MLFPA, along with the associated recording document surcharge and legislative reports, is delayed until June 30, 2011.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** This fund has been very effective in aiding in the prosecution of mortgage lending fraud, educating industry, and encouraging effective use of resources between the Attorney General's office and the DFI.

**Testimony Against:** None.

**Who Testified:** PRO: Scott Blonier, Attorney General's office.