

# FINAL BILL REPORT

## SB 6471

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Synopsis as Enacted

**Brief Description:** Protecting consumers by regulating loans under the consumer loan act and mortgage broker practices act.

**Sponsors:** Senators Weinstein, Kauffman, Tom, Fairley, McAuliffe, Kohl-Welles, Keiser and Kline.

**Senate Committee on Consumer Protection & Housing**  
**House Committee on Insurance, Financial Services & Consumer Protection**  
**House Committee on Appropriations**

**Background:** Companies that lend money in excess of 12 percent must be licensed under the Consumer Loan Act (CLA) and are regulated by the Department of Financial Institutions (DFI). These companies primarily make mortgage loans but may also make other loans, such as furniture or car loans. Three hundred and five companies are currently licensed under the CLA.

If a company offers mortgage loans to Washington residents, but does not offer loans in excess of 12 percent, the company must either be licensed under the Mortgage Broker Practices Act (MBPA) regulated by DFI, or be exempt from the MBPA.

A common exemption from the MBPA includes companies offering mortgage loans approved by Fannie Mae or Freddie Mac. If the lender agrees to parameters set by Fannie Mae or Freddie Mac, Fannie Mae or Freddie Mac agree to buy that loan. Neither Fannie Mae nor Freddie Mac regulate or otherwise audit these loans that are exempt from the MBPA.

One thousand three hundred and eighty mortgage broker licenses and 6,337 loan originator licenses are currently under the MBPA, with approximately 300 businesses exempt.

**Summary:** The Consumer Loan Act (CLA) is amended to eliminate the 12 percent interest threshold. Mortgage lenders currently exempt from the MBPA are required to be licensed under the CLA. Retail installment contracts are exempt from the CLA.

**Votes on Final Passage:**

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| Senate | 47 | 0 |
| House  | 93 | 0 |

**Effective:** June 12, 2008