

than January 1 of each year, with a final report to be submitted no later than January 1, 1998.

NEW SECTION. Sec. 13. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

NEW SECTION. Sec. 14. Sections 3 through 5, 9, and 11 of this act are each added to chapter 27.26 RCW.

NEW SECTION. Sec. 15. Sections 1 through 6 and 9 through 14 of this act are necessary for the immediate preservation of the public peace, health, and safety, the support of the state government and its existing public institutions, and shall take effect on June 1, 1989.

Passed the Senate February 20, 1989.

Passed the House April 6, 1989.

Approved by the Governor April 20, 1989.

Filed in Office of Secretary of State April 20, 1989.

CHAPTER 97

[Senate Bill No. 5731]

UNITED STATES GOVERNMENT OBLIGATIONS—AUTHORIZATION TO INVEST IN

AN ACT Relating to forms of investments in obligations of the United States government; amending RCW 11.100.035 and 39.58.050; adding a new section to chapter 32.20 RCW; and adding a new section to chapter 33.24 RCW.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. Section 69, chapter 30, Laws of 1985 and RCW 11.100.035 are each amended to read as follows:

(1) Within the standards of judgment and care established by law, and subject to any express provisions or limitations contained in any particular trust instrument, guardians, trustees and other fiduciaries, whether individual or corporate, are authorized to acquire and retain securities of any open-end or closed-end management type investment company or investment trust registered under the federal investment company act of 1940 as now or hereafter amended.

(2) Within the limitations of subsection (1) of this section, whenever the trust instrument directs, requires, authorizes, or permits investment in obligations of the United States government, the trustee may invest in and hold such obligations either directly or in the form of securities of, or other interests in, an open-end or closed-end management type investment company or investment trust registered under the federal investment company act of 1940, as now or hereafter amended, if both of the following conditions are met:

(a) The portfolio of the investment company or investment trust is limited to obligations of the United States and to repurchase agreements fully collateralized by such obligations; and

(b) The investment company or investment trust takes delivery of the collateral for any repurchase agreement either directly or through an authorized custodian.

NEW SECTION. Sec. 2. A new section is added to chapter 32.20 RCW to read as follows:

Except as may be limited by the supervisor by rule, a mutual savings bank may invest its funds in obligations of the United States, as authorized by RCW 32.20.030, either directly or in the form of securities of, or other interests in, an open-end or closed-end management type investment company or investment trust registered under the federal investment company act of 1940, as now or hereafter amended, if both of the following conditions are met:

(1) The portfolio of the investment company or investment trust is limited to obligations of the United States and to repurchase agreements fully collateralized by such obligations; and

(2) The investment company or investment trust takes delivery of the collateral for any repurchase agreement either directly or through an authorized custodian.

NEW SECTION. Sec. 3. A new section is added to chapter 33.24 RCW to read as follows:

Except as may be limited by the supervisor by rule, an association may invest its funds in obligations of the United States, as authorized by RCW 33.24.020, either directly or in the form of securities of, or other interests in, an open-end or closed-end management type investment company or investment trust registered under the federal investment company act of 1940, as now or hereafter amended, if both of the following conditions are met:

(1) The portfolio of the investment company or investment trust is limited to obligations of the United States and to repurchase agreements fully collateralized by such obligations; and

(2) The investment company or investment trust takes delivery of the collateral for any repurchase agreement either directly or through an authorized custodian.

Sec. 4. Section 5, chapter 193, Laws of 1969 ex. sess. as last amended by section 13, chapter 177, Laws of 1984 and RCW 39.58.050 are each amended to read as follows:

(1) Every qualified public depository shall at all times maintain, segregated from its other assets, eligible collateral in the form of securities enumerated in this section having a value at least equal to its maximum liability and as otherwise prescribed in this chapter. Such collateral may be segregated by deposit in the trust department of the depository or in such

other manner as the commission approves and shall be clearly designated as security for the benefit of public depositors under this chapter.

(2) Securities eligible as collateral shall be valued at market value.

(3) The depository shall have the right to make substitutions of such collateral at any time.

(4) The income from the securities which have been segregated as collateral shall belong to the depository without restriction.

(5) Each of the following enumerated classes of securities, providing there has been no default in the payment of principal or interest thereon, shall be eligible to qualify as collateral:

(a) (i) Bonds, notes, or other securities constituting direct and general obligations of the United States or the bonds, notes, or other securities constituting the direct and general obligation of any instrumentality of the United States, the interest and principal of which is unconditionally guaranteed by the United States((-));

(ii) Securities of, or other interests in, an open-end or closed-end management type investment company or investment trust registered under the federal investment company act of 1940, as now or hereafter amended, if both of the following conditions are met:

(A) The portfolio of the investment company or investment trust is limited to the obligations of the United States as described in (a) of this subsection and to repurchase agreements fully collateralized by such obligations; and

(B) The investment company or investment trust takes delivery of the collateral for any repurchase agreement either directly or through an authorized custodian; and

(iii) Bonds, notes, letters of credit, or other securities or evidence of indebtedness constituting the direct and general obligation of a federal home loan bank or federal reserve bank;

(b) (i) Direct and general obligation bonds and warrants of the state of Washington or of any other state of the United States;

(ii) Revenue bonds of this state or any authority, board, commission, committee, or similar agency thereof;

(c) Direct and general obligation bonds and warrants of any city, town, county, school district, port district, or other political subdivision of any state, having the power to levy general taxes, which are payable from general ad valorem taxes;

(d) Bonds issued by public utility districts as authorized under the provisions of Title 54 RCW, as now or hereafter amended;

(e) Bonds of any city of the state of Washington for the payment of which the entire revenues of the city's water system, power and light system, or both, less maintenance and operating costs, are irrevocably pledged, even though such bonds are not general obligations of such city;

(6) In addition to the securities enumerated in subsections (5)(a) through (e) of this section, every public depository may also segregate such bonds, securities, and other obligations as are designated to be authorized security for all public deposits pursuant to RCW 35.58.510, 35.81.110, 35.82.220, 39.60.030, 39.60.040 and 54.24.120, as now or hereafter amended.

(7) The commission may at any time or times declare any particular security as ineligible to qualify as collateral when in the commission's judgment it is deemed desirable to do so.

Passed the Senate March 2, 1989.

Passed the House April 6, 1989.

Approved by the Governor April 20, 1989.

Filed in Office of Secretary of State April 20, 1989.

CHAPTER 98

[Substitute Senate Bill No. 5790]

MORTGAGE LOAN SERVICING—SALE, TRANSFER, OR ASSIGNMENT— DISCLOSURES AND DUTIES

AN ACT Relating to residential mortgage loans; adding a new chapter to Title 19 RCW; and providing an effective date.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. The ability of individuals to obtain information relating to their residential mortgage loans is vital to the financial needs of mortgagors in Washington. The public interest is adversely affected when a residential mortgage loan's servicing is sold or transferred with insufficient notification given to the mortgagor. In addition, mortgagors may experience difficulty in obtaining various mortgage loan information including information concerning mortgage loan prepayments, reserve accounts, and adjustments to monthly payments. The legislature finds that the legitimate interests of mortgagors and mortgage loan servicers are served if the disclosure of the potential sale of loan servicing is made to the mortgagor, reasonable notification of a residential mortgage loan servicing's sale is made, and continued mortgagor access to information regarding the mortgage loan is promoted.

NEW SECTION. Sec. 2. Unless the context requires otherwise, the definitions in this section apply throughout this chapter.

(1) "Lender" shall mean any person in the business of making a loan.

(2) "Loan" shall mean any loan used to finance the acquisition of a one-to-four family owner occupied residence located in this state.

(3) "Purchasing servicing agent" is any person who purchases, receives through transfer or assignment, or otherwise acquires the responsibility of the servicing for a loan.