

fixing a date, time and place for a public hearing on the formation of the proposed local district.

Notice of the adoption of the resolution of intention, whether the resolution was adopted on the initiative of the board or pursuant to a petition of the property owners, shall be published in at least two consecutive issues of a newspaper of general circulation in the proposed local district, the date of the first publication to be at least fifteen days prior to the date fixed by such resolution for hearing before the board of sewer commissioners. Notice of the adoption of the resolution of intention shall also be given each owner or reputed owner of any lot, tract, parcel of land or other property within the proposed improvement district by mailing said notice at least fifteen days before the date fixed for the public hearing to the owner or reputed owner of the property as shown on the tax rolls of the county treasurer at the address shown thereon. Whenever such notices are mailed, the sewer commissioners shall maintain a list of such reputed property owners, which list shall be kept on file at a location within the sewer district and shall be made available for public perusal. The notices shall refer to the resolution of intention and designate the proposed improvement district by number. Said notices shall also set forth the nature of the proposed improvement, the total estimated cost, the proportion of total cost to be borne by assessments, the date, time and place of the hearing before the board of sewer commissioners(~~(; and)~~). In the case of improvements initiated by resolution, said notice shall also: (1) State that all persons desiring to object to the formation of the proposed district must file their written protests with the secretary of the board of sewer commissioners before the time fixed for said public hearing; (2) state that if owners of at least forty percent of the area of land within the proposed district file written protests with the secretary of the board, the power of the sewer commissioners to proceed with the creation of the proposed district shall be divested; (3) provide the name and address of the secretary of the board; and (4) state the hours and location within the sewer district where the names of the property owners within the proposed district are kept available for public perusal. In the case of the notice given each owner or reputed owner by mail, the notice shall set forth the estimated amount of the cost and expense of such improvement to be borne by the particular lot, tract, parcel of land or other property.

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CHAPTER 301

[Substitute House Bill No. 323]

FINANCIAL INSTITUTIONS DISCLOSURE ACT—FAIRNESS IN LENDING ACT

AN ACT Relating to financial institutions; amending section 1, chapter 68, Laws of 1959 as amended by section 9, chapter 141, Laws of 1973 and RCW 49.60.175; adding a new chapter to Title 19 RCW; adding new sections to chapter 30.04 RCW; prescribing penalties; and prescribing an expiration date.

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

NEW SECTION. Section 1. This chapter shall be known and may be cited as the "Financial Institutions Disclosure Act".

NEW SECTION. Sec. 2. Unless the context clearly requires otherwise, the following terms when used in this chapter shall have the meanings ascribed to them in this section:

(1) "Application" means a written request for an extension of credit made in accordance with procedures established by a financial institution for the type of credit requested;

(2) "Default" means that a loan payment due on or before the first day of the month preceding the month in which the reporting period ends remains unpaid;

(3) "Financial institution" means any bank or trust company, mutual savings bank, savings and loan association or credit union which operates or has a place of business in this state whether or not regulated by the state or federal government and which has more than ten million dollars in assets, and any mortgage company which operates or has a place of business in this state;

(4) "Foreclosure" means the transfer of title as a result of foreclosure proceedings, a trustee's sale or the giving of a deed in lieu of foreclosure;

(5) "Home improvement loan" means a loan, unsecured or secured by collateral other than a first lien on residential real property, (a) the proceeds of which are to be used for the purpose of repairing, rehabilitating, or remodeling an existing residential dwelling, as stated by the borrower to the financial institution at the time of the loan transaction, and (b) that is recorded on the books of the financial institution as a home improvement loan;

(6) "Neighborhood" means an area designated by a census tract, or where no area has been designated by a census tract, an area designated by a zip code;

(7) "Rejection" means a refusal to commit a loan to a person who has made an application, as defined above;

(8) "Single-family" means a residence consisting of from one to four dwelling units; and

(9) "Multifamily" means a residence consisting of more than four dwelling units.

NEW SECTION. Sec. 3. (1) Beginning on July 1, 1977, each financial institution with a home office or branch within a standard metropolitan statistical area shall file annually with the secretary of state, on or before a date of ninety days after the end of the fiscal year of the institution, for each neighborhood in which said financial institution has received, made, or rejected a loan application when such neighborhood lies wholly or partially within a standard metropolitan statistical area, a statement, for the loan categories designated in subsection (2) of this section, showing:

(a) The number and aggregate loan amount of owned loans closed subsequent to July 1, 1977, outstanding at the beginning and end of the reporting period: PROVIDED, That this section shall not require reporting of loans closed prior to July 1, 1977;

(b) The number and aggregate loan amount of serviced loans closed subsequent to July 1, 1977, outstanding at the beginning and end of the reporting period: PROVIDED, That this section shall not require reporting of loans closed prior to July 1, 1977;

- (c) The number and aggregate dollar amount of applications processed and applications rejected during the reporting period;
 - (d) The number and amount of loans closed during the reporting period;
 - (e) The number of foreclosures for the reporting period;
 - (f) The number of loans in default for the reporting period.
- (2) For each of the following loan categories, the information designated in subsection (1) (a) through (f) of this section shall be separately disclosed;
- (a) Conventional single-family first mortgages with twenty or more percent down payment;
 - (b) Conventional single-family first mortgages with less than twenty percent down payment;
 - (c) Single-family mortgage loans guaranteed under the provisions of the federal Veterans' Benefits Act, Title 38, United States Code, chapter 37, subchapter II;
 - (d) Single-family mortgage loans insured under the federal National Housing Act, Title 12, United States Code, chapter 13;
 - (e) Single-family home improvement loans and loans made in accordance with subchapter I, "Housing Renovation and Modernization", of the National Housing Act, Title 12, United States Code, chapter 13;
 - (f) Other residential loans including multifamily dwelling loans.

NEW SECTION. Sec. 4. Each statement filed under the provisions of this chapter shall be verified by a certified public accountant or by two officers of the financial institution and shall be filed on forms promulgated by the secretary of state. Wherever possible, the secretary of state shall make the forms consistent with the disclosure forms required to be filed by financial institutions under the Federal Home Loan Mortgage Disclosure Act of 1975.

NEW SECTION. Sec. 5. The secretary of state shall make statements filed under the provisions of this chapter available for public inspection during the regular business hours of his office, and shall provide copies of the statements to any interested person upon payment of a reasonable fee to cover the cost of copying. Each financial institution which has filed a statement shall make a copy of such statements available for public inspection during regular business hours in each office located in a standard metropolitan statistical area.

NEW SECTION. Sec. 6. (1) An institution which is required to file statements by this chapter and which fails to submit a statement on the date required in section 3 of this amendatory act, is guilty of a business offense and shall be fined five hundred dollars or one hundred dollars for each day on which the statement has not been filed after the required date, whichever is greater. The secretary of state shall refer any violation of this subsection to the attorney general for enforcement.

(2) Any person who files or participates in the filing of any statement required by this chapter with knowledge that such statement is false or misleading in any material regard is guilty of a gross misdemeanor pursuant to chapter 9A.20 RCW.

NEW SECTION. Sec. 7. To insure and protect the confidential nature of an individual's financial status, no provision of this chapter shall be construed as requiring any institution to divulge the names of individual depositors or mortgagors.

NEW SECTION. Sec. 8. The disclosure provisions of this chapter shall be exclusive and shall supersede all statutes, charter provisions, ordinances, resolutions,

regulations, and requirements promulgated by the state or any political subdivision thereof.

NEW SECTION. Sec. 9. The provisions of this chapter shall expire on January 1, 1981.

NEW SECTION. Sec. 10. Sections 11 through 13 of this amendatory act shall be known and may be cited as the "Fairness in Lending Act".

NEW SECTION. Sec. 11. As used in sections 11 through 13 of this amendatory act:

(1) "Financial institution" means any bank or trust company, mutual savings bank, credit union, mortgage company, or savings and loan association which operates or has a place of business in this state whether regulated by the state or federal government.

(2) "Particular type of loan" refers to a class of loans which is substantially similar with respect to the following:

- (a) FHA, VA, or conventional as defined in section 3(2) of this amendatory act;
- (b) Uniform or nonuniform payment;
- (c) Uniform or nonuniform rate of interest;
- (d) Purpose; and

(e) The location of the real estate offered as security for the loan as being inside or outside of that financial institution's lending area.

(3) "Varying the terms of a loan" includes, but is not limited to the following practices:

(a) Requiring a greater down payment than is usual for the particular type of a loan involved;

(b) Requiring a shorter period of amortization than is usual for the particular type of loan involved;

(c) Charging a higher interest rate than is usual for the particular type of loan involved;

(d) A deliberate underappraisal of the value of the property offered as security.

NEW SECTION. Sec. 12. Subject to section 13 of this amendatory act, it shall be unlawful for any financial institution, in processing any application for a loan to be secured by a single-family residence to:

(1) Deny or vary the terms of a loan on the basis that a specific parcel of real estate offered as security is located in a specific geographical area, unless building, remodeling, or continued habitation in such specific geographical area is prohibited or restricted by any local, state, or federal law or rules or regulations promulgated thereunder.

(2) Utilize lending standards that have no economic basis.

NEW SECTION. Sec. 13. Nothing contained in sections 11 through 12 of this amendatory act shall preclude a financial institution from considering sound underwriting practices in processing any application for a loan to any person. Such practices shall include the following:

(1) The willingness and the financial ability of the borrower to repay the loan.

(2) The market value of any real estate and of any other item of property proposed as security for any loan.

(3) Diversification of the financial institution's investment portfolio.

Sec. 14. Section 1, chapter 68, Laws of 1959 as amended by section 9, chapter 141, Laws of 1973 and RCW 49.60.175 are each amended to read as follows:

It shall be an unfair practice to use (~~or require designation of~~) the sex, race, creed, color, (~~or~~) national origin, or marital status of any person (~~on any document~~) concerning an application for credit in any credit transaction to determine the credit worthiness of an applicant.

NEW SECTION. Sec. 15. Sections 11 through 13 of this 1977 amendatory act are each added to chapter 30.04 RCW.

NEW SECTION. Sec. 16. Sections 1 through 9 of this amendatory act shall constitute a new chapter in Title 19 RCW.

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CHAPTER 302

[Substitute House Bill No. 353]

VICTIMS OF CRIMES

AN ACT Relating to victims of crimes; amending section 1, chapter 122, Laws of 1973 1st ex. sess. and RCW 7.68.010; amending section 2, chapter 122, Laws of 1973 1st ex. sess. as amended by section 1, chapter 176, Laws of 1975 1st ex. sess. and RCW 7.68.020; amending section 5, chapter 122, Laws of 1973 1st ex. sess. and RCW 7.68.050; amending section 6, chapter 122, Laws of 1973 1st ex. sess. as amended by section 2, chapter 176, Laws of 1975 1st ex. sess. and RCW 7.68.060; amending section 7, chapter 122, Laws of 1973 1st ex. sess. as amended by section 3, chapter 176, Laws of 1975 1st ex. sess. and RCW 7.68.070; amending section 9, chapter 176, Laws of 1975 1st ex. sess. and RCW 7.68.075; amending section 11, chapter 122, Laws of 1973 1st ex. sess. as amended by section 5, chapter 176, Laws of 1975 1st ex. sess. and RCW 7.68.110; amending section 13, chapter 122, Laws of 1973 1st ex. sess. and RCW 7.68.130; adding new sections to chapter 7.68 RCW; repealing section 4, chapter 122, Laws of 1973 1st ex. sess. and RCW 7.68.040; and prescribing penalties.

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

Section 1. Section 1, chapter 122, Laws of 1973 1st ex. sess. and RCW 7.68.010 are each amended to read as follows:

It is the intent of the legislature of the state of Washington to provide a method of compensating and assisting (~~(those residents of the state who are)~~) innocent victims of criminal acts (~~and~~) who suffer bodily injury or death as a consequence thereof. To that end, it is the intention of the legislature to make certain of the benefits and services which are now or hereafter available to injured workmen under Title 51 RCW also available to innocent victims of crime as defined and provided for in this chapter.

Sec. 2. Section 2, chapter 122, Laws of 1973 1st ex. sess. as amended by section 1, chapter 176, Laws of 1975 1st ex. sess. and RCW 7.68.020 are each amended to read as follows:

The following words and phrases as used in this chapter shall have the following meanings unless the context otherwise requires:

- (1) "Department" means the department of labor and industries.