

**FINAL BILL REPORT**

**SSB 5432**

**C 56 L 93**

**SYNOPSIS AS ENACTED**

**Brief Description:** Studying discrimination based on race and national origin in home mortgage lending.

**SPONSORS:** Senate Committee on Labor & Commerce (originally sponsored by Senators Pelz, Prentice, Moore, Franklin, Bauer, Wojahn, Fraser and Skratek)

**SENATE COMMITTEE ON LABOR & COMMERCE**

**HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE**

**BACKGROUND:**

In 1975, Congress enacted the Home Mortgage Disclosure Act (HMDA) to require certain financial institutions to compile and disclose data about applications they receive for home purchase and improvement loans. Data is annually provided to federal regulators, and certain data must be made available for public inspection.

While community organizations use the data to assess the home lending activities of local institutions, financial institutions use the data to evaluate the success of loan marketing and community outreach programs. Supervisory agencies use HMDA data to assess the performance of financial institutions in satisfying their compliance with the Community Reinvestment Act, the Fair Housing Act, and the Equal Credit Opportunity Act.

The Federal Reserve Bank has released reports showing discrepancies in loan rejection rates between racial classifications. Interest has been expressed in reviewing this data, any conclusions therefrom, and potential remedial actions.

**SUMMARY:**

The Supervisor of Banking and Supervisor of Savings and Loan Associations are directed to perform a study of discrimination based on race and national origin in home mortgage lending after 1990.

The study is to (1) address the nature of the problem and why it is occurring, (2) consider activities by financial institutions to solve the problem, and (3) suggest resolutions for institutions operating within Washington. The study shall be provided to the House Financial Institutions and Insurance

Committee and the Senate Labor and Commerce Committee by  
December 1, 1993.

**VOTES ON FINAL PASSAGE:**

|        |    |   |
|--------|----|---|
| Senate | 48 | 0 |
| House  | 98 | 0 |

**EFFECTIVE:** July 25, 1993