
HOUSE BILL 1342

State of Washington

62nd Legislature

2011 Regular Session

By Representatives Taylor, Haler, and Johnson

Read first time 01/19/11. Referred to Committee on Business & Financial Services.

1 AN ACT Relating to flood insurance; and adding a new chapter to
2 Title 19 RCW.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 NEW SECTION. **Sec. 1.** (1) For the purposes of this section:

5 (a) "Residential mortgage loan" means an extension of credit
6 secured by residential real property located in this state upon which
7 is constructed a single-family dwelling or multiple-family dwelling of
8 four or less units.

9 (b) "Lender" means any person or entity loaning money for the
10 purpose of making a residential mortgage loan. "Lender" includes
11 financial institutions as defined in RCW 30.22.041, consumer loan
12 companies subject to regulation under chapter 31.04 RCW, and mortgage
13 brokers and lenders subject to regulation under chapter 19.146 RCW.

14 (2) A lender that purchases or otherwise receives a residential
15 mortgage loan from another lender may not require a homeowner to
16 purchase flood insurance in connection with that residential mortgage
17 loan unless:

18 (a) The original lender required flood coverage;

1 (b) The determination by the original lender to not require flood
2 insurance was incorrect at the time the loan was made and flood
3 coverage was required by federal law based on federal emergency
4 management agency maps in order for the original loan to be made; or

5 (c) The federal emergency management agency has reclassified the
6 area where the home is located and the flood insurance is now required
7 by federal law based on federal emergency management agency maps in
8 order for a residential mortgage loan for a home in that locale.

9 (3) If a county, city, or town makes a determination regarding the
10 location of the property and the classification of the flood risk of
11 that property, a lender is required to use that determination for the
12 purposes of determining whether or not flood insurance was required
13 under subsection (2)(a) of this section or is required under subsection
14 (2)(b) of this section.

15 NEW SECTION. **Sec. 2.** The legislature finds that the practices
16 covered by section 1 of this act are matters vitally affecting the
17 public interest for the purpose of applying the consumer protection
18 act, chapter 19.86 RCW. A violation of section 1 of this act is not
19 reasonable in relation to the development and preservation of business
20 and is an unfair or deceptive act in trade or commerce and an unfair
21 method of competition for the purpose of applying the consumer
22 protection act, chapter 19.86 RCW.

23 NEW SECTION. **Sec. 3.** Sections 1 and 2 of this act constitute a
24 new chapter in Title 19 RCW.

25 NEW SECTION. **Sec. 4.** If any provision of this act or its
26 application to any person or circumstance is held invalid, the
27 remainder of the act or the application of the provision to other
28 persons or circumstances is also invalid.

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