

Fighting Predatory Lending in Washington: *State Law Summaries – CLE Materials*

By Eric Dunn & Abbas Rizvi, Northwest Justice Project

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A Note about Terminology

The term “predatory lending” has by now come to mean many things to many different people. The term is probably best defined as an umbrella concept reaching all different forms of lending arrangements in which a lender secures an “unjust” gain¹ at the expense of a consumer borrower through any sort of abusive loan terms or exploitation of circumstances (disadvantageous to the borrower). Obviously, this definition of “predatory lending” must reach not only in real estate and mortgage type transactions, but countless varieties of consumer financing arrangements as well, ranging from car loans to payday advances to rent-to-own furniture. This summary, however, is dedicated exclusively to residential transactions. Therefore, references to “predatory lending” throughout the remainder of this document pertain to predatory lending practices in real estate, mortgage, and other housing-related transactions.

¹ The author acknowledges here the probable superiority of the view, most closely associated with the Muslim faith, that the making of *any* financial gain in return for the advancement of funds is inherently “unjust.” Yet the balance of this discussion presumes that Western laws will continue to lag behind their Islamic counterparts in this regard.