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ENGROSSED SENATE BILL 6033

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State of Washington

61st Legislature

2009 Regular Session

By Senators Berkey, Fairley, Kauffman, McAuliffe, Tom, Marr, Prentice, Shin, Fraser, Kohl-Welles, Eide, McDermott, Jarrett, Regala, Hobbs, Kline, Jacobsen, Murray, Franklin, Hatfield, Kilmer, Haugen, Hargrove, and Sheldon

Read first time 02/16/09. Referred to Committee on Financial Institutions, Housing & Insurance.

1 AN ACT Relating to creating the prevent or reduce owner-occupied  
2 foreclosure program; amending RCW 43.320.160, 43.320.165, and  
3 43.320.170; and adding a new section to chapter 43.320 RCW.

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

5 **Sec. 1.** RCW 43.320.160 and 2008 c 322 s 1 are each amended to read  
6 as follows:

7 (1) The (~~smart homeownership choices~~) prevent or reduce owner-  
8 occupied foreclosure program is created in the department to assist  
9 (~~low income and moderate income households, as defined in RCW~~  
10 ~~84.14.010,~~) borrowers facing foreclosure in achieving work-outs. The  
11 borrowers are households, families, and individuals with incomes up to  
12 and including the county median income level.

13 (2) The department shall enter into an interagency agreement with  
14 the Washington state housing finance commission to implement and  
15 administer this program with moneys from the account created in RCW  
16 43.320.165. The Washington state housing finance commission will  
17 request funds from the department as needed to implement and operate  
18 the program.

1           (3) The commission shall, under terms and conditions to be  
2 determined by the commission, in consultation with the department,  
3 assist homeowners who are (~~delinquent on their mortgage payments to~~  
4 ~~bring their mortgage payments current in order to refinance into a~~  
5 ~~different loan product~~) facing foreclosure in achieving work-outs.  
6 (~~Financial assistance received by homeowners under this chapter shall~~  
7 ~~be repaid at the time of refinancing into a different loan product.~~  
8 Homeowners receiving financial assistance shall also agree to partake  
9 in a residential mortgage counseling program.)) Moneys may also be  
10 used for outreach activities to raise awareness of this program;  
11 creating and maintaining a pool of volunteers from the professions of  
12 attorneys, certified public accountants, banking professionals, and  
13 other relevant professions who participate in the program as needed and  
14 without compensation to provide advice to the homeowner during  
15 discussions having as their objective, achieving a work-out; qualifying  
16 the volunteers as third parties from whom declarations may be obtained,  
17 regarding requirements of chapter 61.24 RCW, deeds of trust; and  
18 administering assignments of volunteers to borrowers in the most  
19 productive manner. Not more than four percent of the total  
20 appropriation for this program may be used for administrative expenses  
21 of the department and the commission.

22           (4) The commission must provide an annual report to the legislature  
23 at the end of each fiscal year of program operation. The report must  
24 include information (~~including the total number of households seeking~~  
25 ~~help to resolve mortgage delinquency, the number of program~~  
26 ~~participants that successfully avoided foreclosure, and the number of~~  
27 ~~program participants who refinanced a home, including information on~~  
28 ~~the terms of both the new loan product and the product out of which the~~  
29 ~~homeowner refinanced~~) determined by the prevent or reduce owner-  
30 occupied foreclosure oversight committee established under section 4 of  
31 this act to be useful in assessing the success of the program. The  
32 commission shall establish and report upon performance measures,  
33 including measures to gauge program efficiency and effectiveness and  
34 customer satisfaction.

35           (5) For the purposes of this section, "work-out" means an agreement  
36 made between the borrower and the mortgagee or beneficiary under a deed  
37 of trust, or with the authorized agent of the mortgagee or beneficiary,

1 that results in the borrower's continued residence in the mortgaged  
2 residential property.

3 **Sec. 2.** RCW 43.320.165 and 2008 c 322 s 2 are each amended to read  
4 as follows:

5 The ~~((smart-homeownership-choices))~~ prevent\_or\_reduce\_owner-  
6 occupied\_foreclosure program account is created in the custody of the  
7 state treasurer. All receipts from the appropriation in section 4,  
8 chapter 322, Laws of 2008 as well as receipts from private  
9 contributions and all other sources that are specifically designated  
10 for the ~~((smart-homeownership-choices))~~ prevent\_or\_reduce\_owner-  
11 occupied\_foreclosure program must be deposited into the account.  
12 Expenditures from the account may be used solely for the purpose of  
13 preventing or reducing owner-occupied foreclosures through the ~~((smart~~  
14 ~~homeownership-choices))~~ prevent\_or\_reduce\_owner-occupied foreclosure  
15 program as described in RCW 43.320.160. Only the director of the  
16 department or the director's designee may authorize expenditures from  
17 the account. The account is subject to allotment procedures under  
18 chapter 43.88 RCW, but an appropriation is not required for  
19 expenditures.

20 **Sec. 3.** RCW 43.320.170 and 2008 c 322 s 3 are each amended to read  
21 as follows:

22 The Washington state housing finance commission shall ~~((only))~~  
23 serve ~~((low-income))~~ households, ~~((as-defined-in-RCW-84.14.010,))~~  
24 families, and individuals with incomes up to and including the county  
25 median income level through the ~~((smart-homeownership-choices))~~ prevent  
26 or\_reduce\_owner-occupied\_foreclosure program described in RCW  
27 43.320.160 using state appropriated general funds in the ~~((smart~~  
28 ~~homeownership-choices))~~ prevent\_or\_reduce\_owner-occupied foreclosure  
29 program account created in RCW 43.320.165~~((--))~~ and contributions from  
30 private and other sources ~~((to the account may be used to serve both~~  
31 ~~low-income and moderate-income households, as defined in RCW 84.14.010,~~  
32 ~~through the smart homeownership choices program))~~.

33 NEW SECTION. **Sec. 4.** A new section is added to chapter 43.320 RCW  
34 to read as follows:

1 (1) The housing finance commission must establish a prevent or  
2 reduce owner-occupied foreclosure oversight committee to consist of:

3 (a) Two members of the senate and two alternate members, appointed  
4 by the president of the senate, with no more than one member and one  
5 alternate from each caucus of the senate;

6 (b) Two members of the house of representatives and two alternate  
7 members, appointed by the speaker of the house of representatives, with  
8 no more than one member and one alternate from each caucus of the  
9 senate;

10 (c) The director of the department of financial institutions or his  
11 or her designee as an ex officio member;

12 (d) The executive director of the housing finance commission or his  
13 or her designee as an ex officio member;

14 (e) A representative of the Washington state bar association as a  
15 nonvoting member;

16 (f) A representative of the office of civil legal aid as a  
17 nonvoting member;

18 (g) A representative of the Washington banker's association as a  
19 nonvoting member; and

20 (h) A representative of the Washington state board of accountancy  
21 as a nonvoting member.

22 (2) The members of the prevent or reduce owner-occupied foreclosure  
23 oversight committee shall serve without compensation of any kind.

24 (3) The prevent or reduce owner-occupied foreclosure oversight  
25 committee shall serve as the housing finance commission's principal  
26 advisory body on the prevent or reduce owner-occupied foreclosure  
27 program, and must:

28 (a) Develop criteria for success of the program that may include,  
29 but not be limited to: The number of homeowners served; number of  
30 workouts achieved; amount of federal funds received for homeowner  
31 stabilization; decreases in foreclosure rate; and number of volunteer  
32 professionals participating;

33 (b) Periodically evaluate the effectiveness of the program  
34 according to the criteria developed under (a) of this subsection;

35 (c) Develop and maintain an inventory of state and federal housing  
36 assistance programs directed to stabilize owner-occupied homes; and

37 (d) Coordinate all state efforts related to prevention or reduction  
38 of owner-occupied foreclosures.

1           (4) Any of the duties listed under subsection (3) of this section  
2 may be delegated to the executive director of the housing finance  
3 commission.

4           (5) The prevent or reduce owner-occupied foreclosure oversight  
5 committee shall meet regularly.

6           (6) The housing finance commission must supply information and  
7 assistance that are deemed necessary for the prevent or reduce owner-  
8 occupied foreclosure oversight committee to carry out its duties under  
9 this section.

10          (7) The housing finance commission shall provide administrative and  
11 clerical assistance to the prevent or reduce owner-occupied foreclosure  
12 oversight committee.

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