

ESB 6033 - H COMM AMD

By Committee on Financial Institutions & Insurance

ADOPTED 04/09/2009

1 Strike everything after the enacting clause and insert the
2 following:

3 "Sec. 1. RCW 43.320.160 and 2008 c 322 s 1 are each amended to
4 read as follows:

5 (1) The (~~smart homeownership choices~~) prevent or reduce owner-
6 occupied foreclosure program is created in the department to assist
7 (~~low income and moderate income households, as defined in RCW~~
8 ~~84.14.010,~~) borrowers facing foreclosure in achieving work-outs, loan
9 modifications, or other results that keep them in their homes. The
10 borrowers are households, families, and individuals who are residents
11 of Washington state, with an emphasis on borrowers with incomes up to
12 one hundred forty percent of median income level of the county in which
13 the borrower resides.

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

20 (3) The commission shall, under terms and conditions to be
21 determined by the commission, in consultation with the department,
22 assist homeowners who are (~~delinquent on their mortgage payments to~~
23 ~~bring their mortgage payments current in order to refinance into a~~
24 ~~different loan product~~) facing foreclosure in achieving work-outs,
25 loan modifications, or other results that keep them in their homes.
26 (~~Financial assistance received by homeowners under this chapter shall~~
27 ~~be repaid at the time of refinancing into a different loan product.~~
28 ~~Homeowners receiving financial assistance shall also agree to partake~~
29 ~~in a residential mortgage counseling program.)) Moneys may also be
30 used for outreach activities to raise awareness of this program;~~

1 creating and maintaining a pool of volunteers consisting of attorneys,
2 accountants, banking professionals, mortgage brokers, housing
3 counselors, and other relevant professionals who participate in the
4 program as needed and without compensation to provide advice and
5 representation to the borrower in achieving work-outs, loan
6 modifications, or other results that keep them in their homes; and
7 administering assignments of volunteers to borrowers in the most
8 productive manner. Not more than four percent of the total
9 appropriation for this program may be used for administrative expenses
10 of the department and the commission.

11 (4) The commission must provide an annual report to the legislature
12 at the end of each fiscal year of program operation. The report must
13 include information (~~including the total number of households seeking~~
14 ~~help to resolve mortgage delinquency, the number of program~~
15 ~~participants that successfully avoided foreclosure, and the number of~~
16 ~~program participants who refinanced a home, including information on~~
17 ~~the terms of both the new loan product and the product out of which the~~
18 ~~homeowner refinanced)) determined by the prevent or reduce owner-
19 occupied foreclosure oversight committee established under section 4 of
20 this act to be useful in assessing the success of the program. The
21 commission shall establish and report upon performance measures,
22 including measures to gauge program efficiency and effectiveness and
23 customer satisfaction.~~

24 (5) For the purposes of this section, "work-out" means an agreement
25 made between the borrower and the mortgagee or beneficiary under a deed
26 of trust, or with the authorized agent of the mortgagee or beneficiary,
27 that results in the borrower's continued residence in the mortgaged
28 residential property.

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

31 The (~~smart homeownership choices~~) prevent or reduce owner-
32 occupied foreclosure program account is created in the custody of the
33 state treasurer. All receipts from the appropriation in section 4,
34 chapter 322, Laws of 2008 as well as receipts from private
35 contributions and all other sources that are specifically designated
36 for the (~~smart homeownership choices~~) prevent or reduce owner-
37 occupied foreclosure program must be deposited into the account.

1 Expenditures from the account may be used solely for the purpose of
2 preventing or reducing owner-occupied foreclosures through the (~~smart~~
3 ~~homeownership choices~~) prevent or reduce owner-occupied foreclosure
4 program as described in RCW 43.320.160. Only the director of the
5 department or the director's designee may authorize expenditures from
6 the account. The account is subject to allotment procedures under
7 chapter 43.88 RCW, but an appropriation is not required for
8 expenditures.

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

11 The Washington state housing finance commission shall (~~only~~)
12 serve (~~low income~~) households, (~~as defined in RCW 84.14.010,~~)
13 families, and individuals who are residents of Washington state, with
14 an emphasis on borrowers with incomes up to one hundred forty percent
15 of the median income level of the county in which the borrower resides,
16 through the (~~smart homeownership choices~~) prevent or reduce owner-
17 occupied foreclosure program described in RCW 43.320.160 using state
18 appropriated general funds in the (~~smart homeownership choices~~)
19 prevent or reduce owner-occupied foreclosure program account created in
20 RCW 43.320.165(~~-~~) and contributions from private and other sources
21 (~~to the account may be used to serve both low income and moderate-~~
22 ~~income households, as defined in RCW 84.14.010, through the smart~~
23 ~~homeownership choices program~~)).

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

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

28 (a) One member from each of the two largest caucuses of the senate,
29 appointed by the president of the senate;

30 (b) One member from each of the two largest caucuses of the house
31 of representatives, appointed by the speaker of the house of
32 representatives;

33 (c) The director of the department of financial institutions as an
34 ex officio member;

35 (d) The executive director of the housing finance commission as an
36 ex officio member;

- 1 (e) A representative of the Washington state bar association;
- 2 (f) A representative of the office of civil legal aid;
- 3 (g) A representative of a banker's association;
- 4 (h) A representative of the Washington state board of accountancy;
- 5 (i) A representative of community banks;
- 6 (j) A representative of mortgage brokers;
- 7 (k) A representative of housing counselors; and
- 8 (l) A representative of credit unions.

9 (2) The members of the prevent or reduce owner-occupied foreclosure
10 oversight committee shall serve without compensation.

11 (3) The prevent or reduce owner-occupied foreclosure oversight
12 committee shall serve as the housing finance commission's principal
13 advisory body on the prevent or reduce owner-occupied foreclosure
14 program, and must:

15 (a) Develop criteria for success of the program that may include:
16 Number of borrowers served; number of work-outs achieved; amount of
17 homeowner funds received for homeowner stabilization; and number of
18 volunteer professionals participating;

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

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

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

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

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

29 (6) The housing finance commission must provide information and
30 assistance as requested for the prevent or reduce owner-occupied
31 foreclosure oversight committee to carry out its duties under this
32 section.

33 (7) Staff support for the committee must be provided by the housing
34 finance commission.

35 NEW SECTION. **Sec. 5.** The following acts or parts of acts, as now
36 existing or hereafter amended, are each repealed, effective June 30,
37 2011:

- 1 (1) RCW 43.320.160 (Smart homeownership choices program--Report)
2 and section 1 of this act & 2008 c 322 s 1;
3 (2) RCW 43.320.165 (Smart homeownership choices program account)
4 and section 2 of this act & 2008 c 322 s 2;
5 (3) RCW 43.320.170 (Smart homeownership choices program--
6 Expenditures--Low-income households--Moderate-income households) and
7 section 3 of this act & 2008 c 322 s 3; and
8 (4) Section 4 of this act."

9 Correct the title.

EFFECT: (1) Modifies the objective of the volunteers from assisting borrowers in achieving "work-outs" to assisting borrowers in achieving work-outs, loan modifications, or other results that keep them in their homes.

(2) Changes the borrowers who are eligible for the assistance from those with incomes up to and including the county median income level to those who are residents of Washington state, with an emphasis on borrowers with incomes up to 140 percent of the county median income level.

(3) Adds mortgage brokers and housing counselors to the pool of volunteers. Removes the requirement that accountant volunteers be certified public accountants.

(4) Removes the program's authority to qualify volunteers as third parties from whom declarations may be obtained, regarding deeds of trust requirements.

(5) Adds four members to the oversight committee, including representatives of community banks, mortgage brokers, housing counselors, and credit unions.

(6) Establishes representatives from the Washington state bar association, the office of civil legal aid, a banker's association, and the state board of accountancy as voting rather than nonvoting members of the committee.

(7) Repeals the provisions on June 30, 2011.

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