

---

SENATE BILL 6033

---

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; and amending RCW 43.320.160, 43.320.165, and  
3 43.320.170.

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 housing finance commission to  
30 be useful in assessing the success of the program. The commission  
31 shall establish and report upon performance measures, including  
32 measures to gauge program efficiency and effectiveness and customer  
33 satisfaction.

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

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

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

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

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

--- END ---