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## Community Development & Housing Committee

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### HB 1768

**Brief Description:** Concerning a surcharge for very low-income and homeless housing assistance.

**Sponsors:** Representatives Kenney, Upthegrove, Santos, Dickerson, Kagi, Hasegawa, Van De Wege, Pedersen and Tharinger.

#### Brief Summary of Bill

- Directs county auditors to assess a surcharge of \$48 when recording an assignment or substitution of a previously recorded deed of trust.
- Requires collected fees to be used for specific affordable housing and homelessness purposes.

**Hearing Date:** 2/10/11

**Staff:** Jennifer Thornton (786-7147).

#### **Background:**

##### Duties and Authority of County Auditors.

The county auditor is responsible for the recording of specified documents required by law to be maintained as part of the public record kept by a county. The documents that must be recorded by a county auditor include judgments, liens, deeds, mortgages, and many other categories of documents pertaining to property ownership and real estate transactions.

State law specifies requirements that must be met by an auditor when exercising his or her recording duties, including the collection of specified fees when a document is recorded. These fees include certain surcharges used for the funding of state and local programs to provide affordable housing for low-income persons and housing assistance for the homeless.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

### Assignments and Substitutions of Previously Recorded Deeds of Trust.

An assignment of a deed of trust occurs when a loan used to buy a home is transferred from one lender to another. It is assigned to transfer debt or sell the loan. Lenders frequently sell mortgages to other lenders.

When a deed of trust is recorded it names a trustor (borrower), the beneficiary (lender), and the trustee. A substitution of trustee of a deed of trust is a legal document filed when a successor trustee takes the place of a previous trustee. Among other reasons for appointing a substitute trustee, one is generally appointed when a property needs to be foreclosed.

Assignments and substitutions of previously recorded deeds of trust are exempted from the \$48 in surcharges collected by county auditors for affordable housing and homelessness programs.

#### **Summary of Bill:**

County auditors are directed to assess a surcharge of \$48 when recording an assignment or substitution of a previously recorded deed of trust.

County auditors must distribute the fees to be used for the following purposes:

- Retain 2 percent for collection of the fee;
- Remit 49 percent to the State Treasurer for deposit in the Affordable Housing for All Account to be used by the Department of Commerce to support building operation and maintenance costs of specified types of housing projects or units within housing projects; and
- Remit 49 percent to the State Treasurer for deposit in the Home Security Fund Account to be used by the Department of Commerce to provide housing and shelter for people who are homeless and fund the Homeless Housing Grant program.

**Appropriation:** None.

**Fiscal Note:** Requested on February 1, 2011.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.