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**SUBSTITUTE SENATE BILL 6711**

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**State of Washington                      60th Legislature                      2008 Regular Session**

**By** Senate Consumer Protection & Housing (originally sponsored by Senators Kauffman, Kilmer, Kohl-Welles, Keiser, and Kline)

READ FIRST TIME 02/06/08.

1            AN ACT Relating to preventing foreclosures by creating the smart  
2 homeownership choices program; adding new sections to chapter 43.320  
3 RCW; and making an appropriation.

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

5            NEW SECTION.    **Sec. 1.** A new section is added to chapter 43.320 RCW  
6 to read as follows:

7            (1) The smart homeownership choices program is created in the  
8 department to assist low-income and moderate-income households, as  
9 defined in RCW 84.14.010, facing foreclosure.

10           (2) The department shall enter into an interagency agreement with  
11 the Washington state housing finance commission to implement and  
12 administer this program with moneys from the account created in section  
13 2 of this act. The Washington state housing finance commission will  
14 request funds from the department as needed to implement and operate  
15 the program.

16           (3) The commission shall, under terms and conditions to be  
17 determined by the commission, assist homeowners who are delinquent on  
18 their mortgage payments to bring their mortgage payments current in  
19 order to refinance into a different loan product. Financial assistance

1 received by homeowners under this chapter shall be repaid at the time  
2 of refinancing into a different loan product. Homeowners receiving  
3 financial assistance shall also agree to partake in a residential  
4 mortgage counseling program. Moneys may also be used for outreach  
5 activities to raise awareness of this program. Not more than four  
6 percent of the total appropriation for this program may be used for  
7 administrative expenses of the department and the commission.

8 (4) The commission must provide an annual report to the legislature  
9 at the end of each fiscal year of program operation. The report must  
10 include information including the total number of households seeking  
11 help to resolve mortgage delinquency, the number of program  
12 participants that successfully avoided foreclosure, and the number of  
13 program participants who refinanced a home, including information on  
14 the terms of both the new loan product and the product out of which the  
15 homeowner refinanced. The commission shall establish and report upon  
16 performance measures, including measures to gauge program efficiency  
17 and effectiveness and customer satisfaction.

18 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.320 RCW  
19 to read as follows:

20 The smart homeownership choices program account is created in the  
21 custody of the state treasurer. All receipts from the appropriation in  
22 section 4 of this act as well as receipts from private contributions  
23 and all other sources that are specifically designated for the smart  
24 homeownership choices program must be deposited into the account.  
25 Expenditures from the account may be used solely for the purpose of  
26 preventing foreclosures through the smart homeownership choices program  
27 as described in section 1 of this act. Only the director of the  
28 department or the director's designee may authorize expenditures from  
29 the account. The account is subject to allotment procedures under  
30 chapter 43.88 RCW, but an appropriation is not required for  
31 expenditures.

32 NEW SECTION. **Sec. 3.** A new section is added to chapter 43.320 RCW  
33 to read as follows:

34 The Washington state housing finance commission shall only serve  
35 low-income households, as defined in RCW 84.14.010, through the smart  
36 homeownership choices program described in section 1 of this act using

1 state appropriated general funds in the smart homeownership choices  
2 program account created in section 2 of this act. Contributions from  
3 private and other sources to the account may be used to serve both low-  
4 income and moderate-income households, as defined in RCW 84.14.010,  
5 through the smart homeownership choices program.

6 NEW SECTION. **Sec. 4.** The sum of two hundred fifty thousand  
7 dollars, or as much thereof as may be necessary, is appropriated for  
8 the fiscal year ending June 30, 2008, from the general fund solely for  
9 deposit in the smart homeownership choices program account created in  
10 section 2 of this act for the purpose of this act.

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