
SUBSTITUTE HOUSE BILL 1980

State of Washington

65th Legislature

2017 Regular Session

By House Community Development, Housing & Tribal Affairs (originally sponsored by Representatives Blake, Chapman, Macri, Robinson, Van Werven, Morris, Smith, Haler, J. Walsh, Ryu, Johnson, Stanford, Sells, Ormsby, Frame, Kretz, Dye, Santos, Doglio, Pollet, Tarleton, and Jinkins)

READ FIRST TIME 02/17/17.

1 AN ACT Relating to creating a low-income home rehabilitation
2 revolving loan program; reenacting and amending RCW 43.79A.040; and
3 adding new sections to chapter 43.330 RCW.

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

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 43.330
6 RCW to read as follows:

7 The definitions in this section apply throughout this chapter
8 unless the context clearly requires otherwise.

9 (1) "Home" means a single-family residential structure, duplex,
10 and rental property.

11 (2) "Home rehabilitation" means residential repairs and
12 improvements that address health, safety, and durability issues in
13 existing housing in rural areas.

14 (3) "Homeowner" means a person who owns and resides permanently
15 in the home the person occupies.

16 (4) "Low-income" means persons or households with income at or
17 below two hundred percent of the federal poverty level as adjusted
18 for family size and determined annually by the federal department of
19 health and human services.

20 (5) "Rehabilitation agency" means any approved department
21 grantee, tribal nation, or any public service company, municipality,

1 public utility district, mutual or cooperative, or other entity that
2 bears the responsibility for rehabilitating residences under this
3 chapter and has been approved by the department.

4 (6) "Rural areas" means areas of Washington state defined as non-
5 entitlement areas by the United States department of housing and
6 urban development.

7 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.330
8 RCW to read as follows:

9 (1) Subject to availability of amounts appropriated for this
10 specific purpose, the low-income home rehabilitation revolving loan
11 program is created within the department.

12 (2) The program must include the following elements:

13 (a) Eligible homeowners must be low-income and live in rural
14 areas.

15 (b) Homeowners who are senior citizens, persons with
16 disabilities, families with children five years old and younger, and
17 veterans must receive priority for loans.

18 (c) The cost of the home rehabilitation must be the lesser of
19 eighty percent of the assessed value of the property post
20 rehabilitation or forty thousand dollars.

21 (d) The maximum amount that may be loaned under this program may
22 not exceed the cost of the home rehabilitation as provided in (c) of
23 this subsection.

24 (e) The interest rate of the loan must be equal to the previous
25 calendar year's annual average consumer price index compiled by the
26 bureau of labor statistics, United States department of labor.

27 (f) The department must allow participating homeowners to defer
28 repayment of the loan principal and interest and any fees related to
29 the administration or issuance of the loan. Any amounts deferred
30 pursuant to this section becomes a lien in favor of the state and is
31 secondary in rank over all other privileges, liens, monetary
32 encumbrances, or other security interests affecting the real
33 property, whenever incurred, filed, or recorded, except for local and
34 special district property tax assessments. The department must take
35 such necessary action to file and perfect the state's lien. All
36 amounts due under the loan become due and payable upon the sale of
37 the home or upon change in ownership of the home. Amounts due under
38 the loan are due and payable only if there is an exchange of money

1 requiring refinancing of the home. Property transfer alone is not
2 sufficient for a loan to require repayment of the loan.

3 (3) All moneys from repayments must be deposited into the low-
4 income home rehabilitation revolving loan program account created in
5 section 4 of this act.

6 (4) The department must adopt rules for implementation of this
7 program.

8 NEW SECTION. **Sec. 3.** A new section is added to chapter 43.330
9 RCW to read as follows:

10 (1) The department must contract with rehabilitation agencies to
11 provide home rehabilitation to participating homeowners. Preference
12 must be given to local agencies delivering programs and services with
13 similar eligibility criteria.

14 (2) Any rehabilitation agency may charge participating homeowners
15 an administrative fee of no more than seven percent of the home
16 rehabilitation loan amount. The administrative fee must become a
17 component of the total loan amount to be repaid by the participating
18 homeowner.

19 (3) Any rehabilitation agency receiving funding under this
20 section must report to the department at least quarterly, or in
21 alignment with federal reporting, whichever is the greater frequency,
22 the project costs and the number of homes repaired or rehabilitated.
23 The director must review the accuracy of these reports.

24 NEW SECTION. **Sec. 4.** A new section is added to chapter 43.330
25 RCW to read as follows:

26 The low-income home rehabilitation revolving loan program account
27 is created in the custody of the state treasury. All transfers and
28 appropriations by the legislature, repayments of loans, private
29 contributions, and all other sources must be deposited into the
30 account. Expenditures from the account may be used only for the
31 purposes of the low-income home rehabilitation revolving loan program
32 created in section 2 of this act. Only the director or the director's
33 designee may authorize expenditures from the account. The account is
34 subject to allotment procedures under chapter 43.88 RCW, but an
35 appropriation is not required for expenditures.

1 **Sec. 5.** RCW 43.79A.040 and 2016 c 203 s 2, 2016 c 173 s 10, 2016
2 c 69 s 21, and 2016 c 39 s 7 are each reenacted and amended to read
3 as follows:

4 (1) Money in the treasurer's trust fund may be deposited,
5 invested, and reinvested by the state treasurer in accordance with
6 RCW 43.84.080 in the same manner and to the same extent as if the
7 money were in the state treasury, and may be commingled with moneys
8 in the state treasury for cash management and cash balance purposes.

9 (2) All income received from investment of the treasurer's trust
10 fund must be set aside in an account in the treasury trust fund to be
11 known as the investment income account.

12 (3) The investment income account may be utilized for the payment
13 of purchased banking services on behalf of treasurer's trust funds
14 including, but not limited to, depository, safekeeping, and
15 disbursement functions for the state treasurer or affected state
16 agencies. The investment income account is subject in all respects to
17 chapter 43.88 RCW, but no appropriation is required for payments to
18 financial institutions. Payments must occur prior to distribution of
19 earnings set forth in subsection (4) of this section.

20 (4)(a) Monthly, the state treasurer must distribute the earnings
21 credited to the investment income account to the state general fund
22 except under (b), (c), and (d) of this subsection.

23 (b) The following accounts and funds must receive their
24 proportionate share of earnings based upon each account's or fund's
25 average daily balance for the period: The 24/7 sobriety account, the
26 Washington promise scholarship account, the Washington advanced
27 college tuition payment program account, the Washington college
28 savings program account, the accessible communities account, the
29 Washington achieving a better life experience program account, the
30 community and technical college innovation account, the agricultural
31 local fund, the American Indian scholarship endowment fund, the
32 foster care scholarship endowment fund, the foster care endowed
33 scholarship trust fund, the contract harvesting revolving account,
34 the Washington state combined fund drive account, the commemorative
35 works account, the county enhanced 911 excise tax account, the toll
36 collection account, the developmental disabilities endowment trust
37 fund, the energy account, the fair fund, the family leave insurance
38 account, the food animal veterinarian conditional scholarship
39 account, the fruit and vegetable inspection account, the future
40 teachers conditional scholarship account, the game farm alternative

1 account, the GET ready for math and science scholarship account, the
2 Washington global health technologies and product development
3 account, the grain inspection revolving fund, the industrial
4 insurance rainy day fund, the juvenile accountability incentive
5 account, the law enforcement officers' and firefighters' plan 2
6 expense fund, the local tourism promotion account, the low-income
7 home rehabilitation revolving loan program account, the multiagency
8 permitting team account, the pilotage account, the produce railcar
9 pool account, the regional transportation investment district
10 account, the rural rehabilitation account, the Washington sexual
11 assault kit account, the stadium and exhibition center account, the
12 youth athletic facility account, the self-insurance revolving fund,
13 the children's trust fund, the Washington horse racing commission
14 Washington bred owners' bonus fund and breeder awards account, the
15 Washington horse racing commission class C purse fund account, the
16 individual development account program account, the Washington horse
17 racing commission operating account, the life sciences discovery
18 fund, the Washington state heritage center account, the reduced
19 cigarette ignition propensity account, the center for childhood
20 deafness and hearing loss account, the school for the blind account,
21 the Millersylvania park trust fund, the public employees' and
22 retirees' insurance reserve fund, and the radiation perpetual
23 maintenance fund.

24 (c) The following accounts and funds must receive eighty percent
25 of their proportionate share of earnings based upon each account's or
26 fund's average daily balance for the period: The advanced right-of-
27 way revolving fund, the advanced environmental mitigation revolving
28 account, the federal narcotics asset forfeitures account, the high
29 occupancy vehicle account, the local rail service assistance account,
30 and the miscellaneous transportation programs account.

31 (d) Any state agency that has independent authority over accounts
32 or funds not statutorily required to be held in the custody of the
33 state treasurer that deposits funds into a fund or account in the
34 custody of the state treasurer pursuant to an agreement with the
35 office of the state treasurer shall receive its proportionate share
36 of earnings based upon each account's or fund's average daily balance
37 for the period.

1 (5) In conformance with Article II, section 37 of the state
2 Constitution, no trust accounts or funds shall be allocated earnings
3 without the specific affirmative directive of this section.

--- END ---