HOUSE BILL REPORT
HB 1474

As Reported by House Committee On:
Housing

Title: An act relating to creating the covenant homeownership account and program to address the history of housing discrimination due to racially restrictive real estate covenants in Washington state.

Brief Description: Creating the covenant homeownership account and program to address the history of housing discrimination due to racially restrictive real estate covenants in Washington state.

Sponsors: Representatives Taylor, Chopp, Berg, Peterson, Reed, Stonier, Gregerson, Bronoske, Cortes, Mena, Street, Ramel, Fosse, Fey, Goodman, Duerr, Bateman, Morgan, Alvarado, Macri, Senn, Berry, Kloba, Hackney, Springer, Slatter, Callan, Orwall, Farivar, Simmons, Ortiz-Self, Thai, Ryu, Stearns, Wylie, Ramos, Doglio, Riccelli, Chapman, Santos, Davis, Ormsby, Bergquist and Pollet.

Brief History:

Committee Activity:

Housing: 2/6/23, 2/9/23 [DPS].

Brief Summary of Substitute Bill

- Creates the Covenant Homeownership Account and a document recording assessment of $100 to fund the Covenant Homeownership Program (CHP).
- Requires the Department of Commerce to contract with the Washington State Housing Finance Commission (Commission) to create one or more special purpose credit programs to provide down payment and closing cost assistance to one or more economically disadvantaged classes of persons identified in a CHP study.
- Requires the Commission to complete an initial CHP study by December 31, 2023, and updated studies every five years after the initial study is

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

completed.

- Creates an oversight committee established by the Department of Financial Institutions to oversee and review the Commission's activities and performance related to the CHP.

HOUSE COMMITTEE ON HOUSING

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 8 members: Representatives Peterson, Chair; Alvarado, Vice Chair; Leavitt, Vice Chair; Bateman, Chopp, Entenman, Reed and Taylor.

Minority Report: Without recommendation. Signed by 5 members: Representatives Klicker, Ranking Minority Member; Connors, Assistant Ranking Minority Member; Barkis, Hutchins and Low.

Staff: Audrey Vasek (786-7383).

Background:

Restrictive Covenants.
Restrictive real estate covenants prohibiting people of certain races, religions, and ethnicities from buying or owning homes were recorded across Washington state until 1968, when the federal Fair Housing Act (FHA) prohibited real estate covenants that discriminate on the basis of race, color, religion, or national origin, and 1969, when the Washington Law Against Discrimination provided that these types of covenants are void and have no legal effect.

Property owners in Washington are able to record a restrictive covenant modification document that has the legal effect of striking discriminatory language from a property's chain of title. However, restrictive covenant modifications do not physically strike these discriminatory provisions from the original deed.

Property owners are also able to file a lawsuit in superior court to physically strike restrictive covenants from the chain of title. If the court finds that a covenant is void, the court will issue an order striking the discriminatory language from the public record. The property owner may obtain and deliver a certified copy of the order to the county auditor, and the auditor must record the documents prepared by the court and comply with certain other requirements.

Document Recording.
Document recording serves a public accessibility and preservation function. A wide range of documents can be publicly recorded and are potentially subject to document recording

fees and surcharges. Many documents that are recorded are related to real estate, such as deeds, liens, deeds of trust, covenants, easements, leases, plats, and surveys. Other examples of the types of documents that may be recorded include community property agreements; certain notices; divorce decrees; and foreign birth, marriage, and death certificates. There is no comprehensive list of the types of documents that can be recorded.

Generally, the county auditor will accept a document for recording as long as the document meets the formatting requirements, and the appropriate fees and surcharges are paid. County auditors do not review recorded documents for content accuracy or legality.

Fees and Surcharges.
Fees for recording a document are set by statute, collected by the county auditors, and distributed to certain funds and programs. There is a $5 fee for recording the first page of a document and an additional $1 fee for recording each additional page of a document.

In addition to the document recording fees, there are a number of document-recording surcharges created by statute, including surcharges to support preservation and accessibility of permanent documents, the State Library Operations, the State Library Archives Building, urban planning, and affordable housing. These surcharges generally apply to all documents recorded, although some surcharges include exceptions for certain types of documents.

County auditors collect and distribute the following housing surcharges:
- a $13 Affordable Housing for All surcharge;
- a $62 Local Homeless Housing and Assistance surcharge;
- an $8 additional Local Homeless Housing and Assistance surcharge; and
- a $100 housing surcharge enacted in 2021.

For standard documents with no applicable exemptions, the total document recording fee for the first page, including the surcharges, is around $200.

Federal and State Fair Housing Laws.
The FHA protects people from discrimination because of race, color, national origin, religion, sex (including gender, gender identity, sexual orientation, and sexual harassment), familial status, or disability when they are renting or buying a home, getting a mortgage, seeking housing assistance, or engaging in other housing-related activities. The FHA is enforced by the United States Department of Housing and Urban Development (HUD). The Washington Law Against Discrimination, which is substantially similar to the FHA, is enforced by the state Human Rights Commission. Anyone who has been harmed by a housing action may file a complaint.

Equal Credit Opportunity Act.
The federal Equal Credit Opportunity Act (ECOA) prohibits creditors from discriminating against credit applicants on the basis of race; color; religion; national origin; sex; marital status; age; because an applicant receives income from a public assistance program; or

because an applicant has in good faith exercised any right under the federal Consumer Credit Protection Act.

The ECOA is enforced by the United States Department of Justice (DOJ) where there is a pattern or practice of discrimination. In cases involving discrimination in home mortgage loans or home improvement loans, the DOJ may file suit under both the FHA and the ECOA. Individuals who believe that they have been the victims of any unfair credit transaction involving residential property may also file a complaint with HUD or may file their own lawsuit.

The Consumer Financial Protection Bureau (CFPB) has issued regulations under the ECOA. These regulations, known as Regulation B, provide the substantive and procedural framework for fair lending.

Special Purpose Credit Programs.
The ECOA and Regulation B permit creditors to extend special purpose credit to applicants who meet eligibility requirements under certain types of credit programs, including a credit assistance program expressly authorized by federal or state law for the benefit of an economically disadvantaged class of persons.

On December 7, 2021, HUD released guidance concluding that special purpose credit programs (SPCPs) created in conformity with the ECOA and Regulation B generally do not violate the FHA. On February 22, 2022, eight federal agencies, including the CFPB, HUD, and the DOJ, issued an interagency statement encouraging lenders to explore opportunities available to them to increase credit access through SPCPs to better serve historically disadvantaged individuals and communities.

Washington State Housing Finance Commission.
The Washington State Housing Finance Commission (Commission) is a public body created by the Legislature to make housing financing available at affordable rates throughout the state by acting as a financial conduit. Without using public funds or lending the credit of the state or local government, the Commission can issue both tax-exempt and taxable nonrecourse revenue bonds, and participate in federal, state, and local housing programs. The Commission offers affordable home loans and down-payment assistance programs; helps build and rehabilitate affordable multifamily housing through programs such as the low-income housing tax credit program; and provides below-market-rate financing for sustainable energy projects, new farms and ranches, and nonprofit facilities.

Some of the Commission's programs assist low-income and first-time home buyers with qualifying for a mortgage by lending them funds for the required down payment. These down payment assistance loans are low- or no-interest loans that do not need to be paid back until either the primary mortgage is paid or the home is sold.

Summary of Substitute Bill:

Covenant Homeownership Program Assessment.
Beginning January 1, 2024, the county auditor must collect a Covenant Homeownership Program (CHP) assessment of $100 for each document recorded, with certain exceptions. The assessment is in addition to any other charge, surcharge, or assessment allowed by law. The county auditor may retain up to 1 percent of the moneys for collection costs and must remit the remainder to the State Treasurer to be deposited in the Covenant Homeownership Account (CHA).

The CHP assessment does not apply to assignments or substitutions of previously recorded deeds of trust; documents recording a birth, marriage, divorce, or death; any recorded documents otherwise exempted under state law; marriage licenses issued by the county auditor; or documents recording a federal, state, county, city, water-sewer district, or wage lien, or satisfaction of lien.

The statute related to county auditor's fees is amended to include a reference to the new CHP assessment.

Covenant Homeownership Account.
The CHA is created as an appropriated account in the State Treasury that may be used only for the purposes of the CHP. The Legislature may appropriate moneys in the account as follows:

- up to 1 percent to the Department of Commerce (Commerce) for costs related to the CHP including, but not limited to, costs related to administering contracts with the Commission, costs related to outreach and stakeholder engagement, and other administrative, data collection, and reporting costs. The Legislature may appropriate a portion of this 1 percent to the Department of Financial Institutions (DFI) for costs related to the Covenant Homeownership Program Oversight Committee; and
- the remainder to Commerce to contract with the Commission for the CHP.

The statute identifying the appropriated treasury accounts that retain all or a portion of the account's interest earnings is amended to include a reference to the CHA. There are two versions of this statute: one that expires July 1, 2024, and one that takes effect July 1, 2024. Both are amended.

Covenant Homeownership Program Study.
The Commission must complete an initial CHP study by December 31, 2023, and updated CHP studies every five years after the initial study is completed, with the first updated study due December 31, 2028. The initial CHP study must:

- document past and ongoing discrimination against Black, Indigenous, and People of Color (BIPOC) and other historically marginalized communities in Washington state and the impacts of this discrimination on homeownership in the state, including access to credit and other homeownership barriers;

- analyze whether and to what extent existing programs and race-neutral approaches have been insufficient to remedy this discrimination and its impacts;
- recommend and evaluate potential programmatic and policy changes, including creating of one or more SPCPs to remedy this discrimination and its impacts; and
- identify methodology to evaluate the efficacy of any recommended programmatic and policy changes over time.

An SPCP is defined as a credit assistance program created by the Commission as authorized by the CFPB under Regulation B pursuant to the ECOA, allowing a creditor to extend special-purpose credit to applicants who meet eligibility requirements under a credit assistance program expressly authorized by state law for the benefit of an economically disadvantaged class of persons.

As part of the SPCP recommendations, the report must identify, through evidence-based documentation, the economically disadvantaged class or classes of persons that require down payment and closing cost assistance in order to reduce racial disparities in homeownership in the state. The class or classes of persons identified in the study may share one or more common characteristics, such as race, national origin, or sex.

An updated CHP study must:

- update and reevaluate the findings and recommendations contained in the initial CHP study and any subsequent CHP studies;
- document the experience of CHP participants and others impacted by past and ongoing discrimination, including their experience accessing or attempting to access credit and any barriers to homeownership in the state that they have faced or continue to face;
- evaluate the SPCPs' efficacy in providing down payment and closing cost assistance to the economically disadvantaged class or classes of persons identified in the initial CHP study and any subsequent CHP studies, and the SPCPs' impacts on remedying discrimination and reducing racial disparities in homeownership in the state; and
- recommend CHP modifications and improvements.

The Commission must submit the initial and updated CHP studies to the Legislature and post them on the Commission's website. The Board of the Commission must review and consider each subsequent CHP study in designing and implementing CHP amendments.

<u>Covenant Homeownership Program</u>.
As part of the CHP, Commerce must contract with the Commission to create one or more SPCPs to provide, beginning July 1, 2024, down-payment and closing-cost assistance to one or more economically disadvantaged classes of persons identified in a CHP study. The contract must authorize the Commission to use:

- up to 1 percent of the contract funding for administrative costs including, but not limited to, costs related to completing a CHP study and other administrative, data collection, and reporting costs;

- up to 1 percent of the contract funding to provide targeted education, homeownership counseling, and outreach about the SPCPs to BIPOC and other historically marginalized communities; and
- the remainder of the contract funding to provide down-payment and closing-cost assistance to program participants.

Special Purpose Credit Program Requirements.
In creating an SPCP, the Commission must consider the information in the CHP studies. If the CHP study identifies an economically disadvantaged class or classes of persons that share one or more common characteristics such as race, national origin, or sex and the Board of the Commission finds it necessary to consider this information in tailoring an SPCP to provide credit assistance to economically disadvantaged classes of persons, the Commission may consider these characteristics in designing and implementing the SPCP. At minimum, an SPCP authorized as part of the CHP must:

- provide loans for down payment and closing cost assistance to program participants that can be combined with other forms of down payment and closing cost assistance;
- require a program participant to repay loans at the time that the house is sold; and
- be implemented in conjunction with the Commission's housing finance programs.

Special Purpose Credit Program Applicant Eligibility.
To be eligible to receive down payment and closing cost assistance through an SPCP authorized as part of the CHP, an SPCP applicant must have a household income at or below 100 percent of the area median income, be a first-time homebuyer, and be a Washington resident who:

- was a state resident on or before the enactment of the FHA on April 11, 1968, and was or would have been excluded from homeownership in Washington by a racially restrictive real estate covenant on or before that date; or
- is a descendant of a person who meets that criterion.

Records that show a person's address on or about a specific date or include a reference indicating that a person is a resident of a specific city or area on or about a specific date may be used to provide proof that a person satisfies this criteria, such as genealogical records, vital records, church records, military records, probate records, public records, census data, newspaper clippings, and other similar documents.

"Racially restrictive real estate covenant" is defined as a recorded covenant or deed restriction that includes or included racial restrictions on property ownership or use against protected classes that are void and unlawful. The definition includes examples and meanings of the terms, many of which are offensive, that were commonly included in racially restrictive real estate covenants in Washington state to exclude BIPOC and other historically marginalized communities.

Adoption of Rules and Policies.
The Commission may adopt rules, and must adopt policies, as necessary to implement the

CHP. The CHP rules or policies must include procedures and standards for extending credit under an SPCP, including program eligibility requirements. The Board of the Commission may amend the SPCPs, rules, and policies from time to time, including in response to a CHP study.

Annual Report to the Legislature.
Beginning December 31, 2025, the Commission must submit an annual report to the Legislature on the progress of the SPCPs developed under the CHP and post the report on the Commission's website. The report must include, at minimum, the program eligibility requirements; the type and amount of down payment and closing cost assistance provided to program participants; the number of program participants and their corresponding eligibility categories; the location of property financed; and program outreach efforts.

<u>Covenant Homeownership Program Oversight Committee</u>.
The DFI must establish an oversight committee (Committee) to oversee and review the Commission's activities and performance related to the CHP, including the Commission's creation and administration of the SPCPs authorized under the CHP. The Committee may, from time to time, make recommendations to the Legislature regarding the CHP. The DFI must provide administrative assistance and staff support to the Committee.

The Committee must consist of the following members appointed by the DFI:
- one person who meets the eligibility criteria for SPCP applicants and is from east of the crest of the Cascade Mountains;
- one person who meets the eligibility criteria for SPCP applicants and is from west of the crest of the Cascade Mountains;
- one representative of an organization that operates an SPCP, counseling service, or debt relief program that serves people who were commonly subject to unlawful exclusions contained in racially restrictive real estate covenants;
- one representative of a community-based organization that specializes in development of permanently affordable housing that serves people who were commonly subject to unlawful exclusions contained in racially restrictive real estate covenants;
- one representative of the real estate sales profession;
- one representative of the home mortgage lending profession who has a minimum of five years' lending or underwriting experience; and
- one representative of the nonprofit affordable housing development industry.

In addition to the members appointed by the DFI, the Committee must also consist of the following Legislative members:
- two senators, one from each of the two largest caucuses, appointed by the President of the Senate; and
- two members of the House of Representatives, one from each of the two largest caucuses, appointed by the Speaker of the House of Representatives.

Committee members must each serve a three-year term, subject to renewal for no more than one additional three-year term. The Committee must develop rules that provide for staggering of terms so that the terms of one-third of the members expire each year.

The Committee is identified as a class one group under the statute that sets compensation and allowances for members of part-time boards, committees, and other similar groups established by state government that function primarily in an advisory, coordinating, or planning capacity. Members of the Committee do not receive compensation for their services but may be reimbursed for travel and other expenses. As authorized by the class-one group statute, the DFI may provide a stipend to individuals who are low-income or have lived experience to support their participation on the Committee.

Other Provisions.
The bill may be known and cited as the Covenant Homeownership Account and Program Act. Federal and state severability clauses are included. If the CHP is held invalid, in whole or in part, the Legislature may appropriate moneys in the CHA to Commerce to contract with the Commission for one or more other programs that support homeownership for first-time homebuyers. A new chapter is created in Title 43 RCW.

Substitute Bill Compared to Original Bill:

As compared to the original bill, the substitute bill:

- requires the DFI, instead of Commerce, to establish and provide administrative assistance and staff support to the Committee, and requires the DFI, instead of the Governor, to appoint the non-legislative members of the Committee;
- modifies the list of Committee members to remove the requirement that one of the members be a person designated by the Washington State Office of Equity;
- authorizes the Legislature to appropriate moneys from the CHA to the DFI for costs related to the Committee;
- clarifies in the intent section that the interest the state has in remedying past and ongoing discrimination and its impacts on access to credit and homeownership for BIPOC and other historically marginalized communities in Washington is a compelling interest;
- provides, in addition to the standard severability clause, that if the CHP is held invalid, in whole or in part, the Legislature may appropriate moneys in the CHA to Commerce to contract with the Commission for one or more other programs that support homeownership for first-time homebuyers; and
- revises the name of the CHA for consistency throughout the bill.

Appropriation: None.

Fiscal Note: Requested on January 27, 2023.

Effective Date of Substitute Bill: The bill contains multiple effective dates. Please see the bill.

Staff Summary of Public Testimony:

(In support) There is a housing crisis in this state. There are nowhere near enough housing units to meet the demand, be it condos, apartment units, homeless shelters, affordable housing, or even market-rate housing. Washington state has the forty-ninth worst ratio in the nation of housing units to the number of existing households. The shortage of housing creates a multitude of problems in addition to holding back economic growth. The housing shortage harms the environment as families are forced to move further and further away from where they work, leading to sprawl. When homes become unaffordable, young people are forced to delay homeownership, which impacts their retirement savings because they have less equity in their homes by the time they retire. Housing shortages increase homelessness. The primary cause of homelessness is lack of affordable housing. Housing shortages also exacerbate the racial wealth gap. Reports such as "Missing Millions of Homes," "Washington State's Housing Affordability Crisis," and "The Racial Wealth Gap is the Housing Gap" have documented these facts.

In addition to addressing the ongoing housing crisis, addressing supply, and addressing the needs for supports and stabilization, there is another factor that needs to be addressed. Practices such as redlining and racial covenants are a sad part of our history. Racially restrictive covenants were part of a concerted effort to discriminate against Black, Indigenous, Asian, Jewish, and other marginalized residents of Washington. Restrictive covenants prevented Black families from buying homes they could have afforded at the time. Restrictive covenants were used to exclude and remove African American families in Washington from their homes throughout the 1900s. In order for a Black family to own a home in certain areas, they had to have someone passing as White help them purchase the home.

Asian Americans were also discriminated against in this state. Part of the State Constitution prohibited resident aliens from becoming citizens. Later, the State Constitution also barred them from owning any real property, and then later from leasing any property. Filipinos were expelled from Yakima Valley in the 1920s. In World War II, many Japanese people were forced into internment camps and had to liquidate their property and sell.

Racially restrictive covenants did not become unenforceable until April 11, 1968, which is within the lifetime of many legislators. This pattern of racial restrictions tends to be thought of as a distant history, but as recently as the 1960s all African Americans in Seattle were confined to a four-square-mile area known as the Central District. In 1961, the Washington State Supreme Court reinforced this discrimination. The 1969 report on "Race and Violence in Washington State" by Secretary of State Kramer acknowledged that although slave ships never docked in Washington, Washington is part of America where the blood of slavery seeps deeply into the American soil and cannot easily be removed. Newspaper headlines that show there was discrimination well past those dates, and still affects people in the state today.

Racially restrictive covenants have been found in every corner of the state, from Seattle, to abandoned cemeteries in Asotin, to homes in Benton County along the river. These types of covenants were in all 14 Legislative Districts that the members of the Housing Committee represent. The University of Washington Racial Restrictive Covenants Project has looked at the Puget Sound counties and across the state to document racially restrictive covenants, and the Seattle Civil Rights and Labor History Project website has a map of many restrictive covenants in Seattle. The Racial Restrictive Covenants Project at Eastern Washington University is documenting and locating the racially restrictive covenants in the 20 Eastern Washington counties and is currently working on developing maps.

Decades of intentional barriers to Black families seeking homeownership, such as redlining and restrictive covenants, have an enduring legacy. The results of these intentional policies, practices, and laws have had a multigenerational impact on Washington communities. They have contributed to an inability of families to build intergenerational wealth through homeownership. Racially restrictive covenants limited not just where people could live but also homeownership of any kind. This made it difficult for people of color to access credit. There needs to be specific and intentional action to undo this racist history.

Data from the "Black Well-Being" report shows that rates for Black homeownership today are worse than when restrictive covenants were legal. Today only one-third of Black families in Washington own homes, a rate that is slightly less than in 1968 after the FHA was passed. Housing stability has been hard to come by for Black homeowners. In Seattle, the homeownership rate for Black households is 26 percent compared to 51 percent for White households. It is a far bigger challenge for people of color and minorities to become homeowners. Some people of color are denied repeatedly for loans even though they otherwise qualify. People in the BIPOC community face questions that pop up regularly when seeking loans that are not asked to White people. Some have had to go through turmoil to provide housing stability for their children and to achieve what is known as the American dream.

Homeownership is a cornerstone in our society, whether to help build equity, pay for college, or help family members. Home equity is the number one asset of the average American and the number one aspect of the racial wealth gap. Homeownership and intergenerational transfer of wealth are some of the primary ways households build wealth in the United States, but racial covenants locked a generation out of homeownership in the state. The new document fee is really miniscule compared to other fees around closing a sale on a home. Housing accounts for 40 percent of the wealth gap between Black and White families in Washington. The painful truth is that the financial services industry and the real estate profession and the local and state governments and the federal governments did this. The wealth gap is a direct consequence of decades of housing discrimination.

The nationwide wealth of a homeowner is forty times that of a renter. Being a renter in Washington sucks, with the average rent at $1,866 in this state. Renter households are struggling to make ends meet. Black households in Washington are renters at twice the rate of White households even when factors such as income are controlled. One reason that White people who experience poverty are less likely to be homeless is because they have more family resources—most renters cannot allow family members as guests to stay for more than a few days whereas homeowners do not have these limitations. The ability to get into a 30-year mortgage is essentially rent control, giving homeowners the stability to plan and not deal with payment increases.

The number one barrier to access to homeownership is money for the down payment, and most people get gifts from family to help with down payments. This puts people without intergenerational wealth at a huge disadvantage. Forty-two percent of Black households have zero net worth compared to 14 percent of White households. Down payment and mortgage assistance programs by some banks and financial institutions are out there but still fall short of the levels needed to reach those who need it. Additional help is needed for homeowners, like housing counseling. Housing counseling can help people achieve homeownership by helping with loan applications and payments. Some people of color have been able to go through housing counseling with groups such as Habitat for Humanity and Homesight and now own their own homes.

This bill begins the journey to reduce racial disparities in homeownership in Washington and is a modest first step to removing the stains described by Secretary of State Kramer 54 years ago. This bill addresses decades of direct harms inflicted by Washington state on residents and will help low- and moderate-income families build intergenerational wealth through homeownership. Last year, the Legislature commissioned the Homeownership Disparities Work Group report "Improving Homeownership Rates for BIPOC in Washington." This bill continues on with that work. This bill is a monumental step to addressing the homeownership race gaps in Washington state and is long overdue. When this bill is enacted and implemented by financial institutions, it will help ensure that financial products are equally accessible to all communities. This bill will help our children and future generations.

(Opposed) None.

(Other) Although this bill is not in the Governor's budget, it helps achieve a major recommendation from the Homeownership Disparities Work Group Report on "Improving Homeownership Rates for BIPOC in Washington," which is to authorize the creation of special purpose credit programs. As was cited by the report, homeownership rates for BIPOC families are low, 19 percent less than non-Hispanic White families. This discrepancy is not due solely to income disparities stemming from historic and systemic racist practices and policies. The discrepancy in homeownership rates carries through for high-income Black families, who are still 20 percent less likely to be homeowners than non-Hispanic White families.

The reason for this is because people need a combination of good credit and a healthy chunk of savings for a down payment, and 3 to 5 percent of the home sales price to cover closing costs. Washington's median home sales price in December according to Zillow was $551 thousand. This means that a family would need to have between $16,000 and $27,000 for just closing costs in order to buy a home. This does not include the required down payment. Although a wide array of homeownership assistance programs currently exist, these programs are unable to address the needs identified in this bill.

Changes should be made to the funding mechanism for this bill. The $100 document recording fee surcharge will impose a regressive burden and limit access to the land title record system. The base recording fee for a one-page document is $5. So many fees have been added that today it costs over $200 to record a one-page deed. With a mortgage in addition to the deed, the recording fees for buying a house exceed $400. This bill would raise that to over $600.

Recording fees are a regressive burden on the least expensive homes because they apply in the same amount regardless of the value of the property. Additionally, the recording surcharge would apply to all kinds of recordings where no money is involved. For example, deeds between former spouses following a divorce, a transfer on death deed, or a power of attorney.

It would be fairer to eliminate the $100 surcharge and replace it with a incremental increase in the Real Estate Excise Tax (REET). An alternative solution would be to impose the fee only for recording documents on which REET is due. Both options would eliminate the financial burden imposed when no money is changing hands, but people still need to record documents.

Persons Testifying: (In support) Representative Jamila Taylor, prime sponsor; Patience Malaba, Housing Development Consortium; Corinna Obar, Washington State Housing Finance Commission; Clifford Cawthon, Habitat for Humanity Seattle; Quintard Taylor, BlackPast.org; Ali Sheibani; Donald King, Nehemiah Initiative Seattle; Nicholas Carr, Association of Washington Housing Authorities; Shaun Scott, Statewide Poverty Action Network; Nicole Bascomb-Green, Bascomb Real Estate Group; Darryl Smith, HomeSight; Jasmyn Jefferson, Windermere Abode Lakewood and Black Home Initiative Network; Michael Brown, Civic Commons; Denny Heck, Lieutenant Governor; Victoria Woodards, City of Tacoma; Gordon McHenry Jr., United Way of King County; Hyeeun Park, Black, Indigenous, and People of Color ED Coalition; Carl Schroeder, Association of Washington Cities; Logan Camporeale; Larry Cebula; Cheryl O'Brien; Eddie Chang; Cheryl O'Brien; Nathan Gorton, Washington Realtors; Denise Rodriguez, Washington Homeownership Resource Center; Anna Boone, Zillow Group; Linda Garcia, Washington State Community Action Partnership; Cierra Ozolin; LeChelle Lucas; Michele Thomas, Washington Low Income Housing Alliance; Michone Preston, Habitat for Humanity of Washington State; John Smith; Tonja Wortham, Mortgage Industry; Norma Martinez-Olivera; Michael

Dotson, Banner Bank; George Davenport, Nehemiah Initiative; and Jesse Simpson.

(Other) Ann Campbell, Washington State Department of Commerce; and Sean Holland, Washington Land Title Association.

Persons Signed In To Testify But Not Testifying: None.