

CERTIFICATION OF ENROLLMENT

**ENGROSSED SENATE BILL 6033**

Chapter 386, Laws of 2009

(partial veto)

61st Legislature  
2009 Regular Session

PREVENT OR REDUCE OWNER-OCCUPIED FORECLOSURE PROGRAM

EFFECTIVE DATE: 07/26/09

Passed by the Senate April 21, 2009  
YEAS 48 NAYS 0

BRAD OWEN

\_\_\_\_\_  
**President of the Senate**

Passed by the House April 9, 2009  
YEAS 98 NAYS 0

FRANK CHOPP

\_\_\_\_\_  
**Speaker of the House of Representatives**

Approved May 7, 2009, 2:09 p.m., with  
the exception of Section 4 which is  
vetoed.

CHRISTINE GREGOIRE

\_\_\_\_\_  
**Governor of the State of Washington**

CERTIFICATE

I, Thomas Hoemann, Secretary of  
the Senate of the State of  
Washington, do hereby certify that  
the attached is **ENGROSSED SENATE  
BILL 6033** as passed by the Senate  
and the House of Representatives  
on the dates hereon set forth.

THOMAS HOEMANN

\_\_\_\_\_  
**Secretary**

FILED

May 8, 2009

**Secretary of State  
State of Washington**

---

ENGROSSED SENATE BILL 6033

---

AS AMENDED BY THE HOUSE

Passed Legislature - 2009 Regular Session

**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; amending RCW 43.320.160, 43.320.165, and  
3 43.320.170; adding a new section to chapter 43.320 RCW; repealing RCW  
4 43.320.160, 43.320.165, and 43.320.170; and providing an effective  
5 date.

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

7            **Sec. 1.** RCW 43.320.160 and 2008 c 322 s 1 are each amended to read  
8 as follows:

9            (1) The (~~smart homeownership choices~~) prevent or reduce owner-  
10 occupied foreclosure program is created in the department to assist  
11 (~~low income and moderate income households, as defined in RCW~~  
12 ~~84.14.010,~~) borrowers facing foreclosure in achieving work-outs, loan  
13 modifications, or other results that keep them in their homes. The  
14 borrowers are households, families, and individuals who are residents  
15 of Washington state, with an emphasis on borrowers with incomes up to  
16 one hundred forty percent of median income level of the county in which  
17 the borrower resides.

18            (2) The department shall enter into an interagency agreement with  
19 the Washington state housing finance commission to implement and

1 administer this program with moneys from the account created in RCW  
2 43.320.165. The Washington state housing finance commission will  
3 request funds from the department as needed to implement and operate  
4 the program.

5 (3) The commission shall, under terms and conditions to be  
6 determined by the commission, in consultation with the department,  
7 assist homeowners who are (~~delinquent on their mortgage payments to~~  
8 ~~bring their mortgage payments current in order to refinance into a~~  
9 ~~different loan product~~) facing foreclosure in achieving work-outs,  
10 loan modifications, or other results that keep them in their homes.  
11 (~~Financial assistance received by homeowners under this chapter shall~~  
12 ~~be repaid at the time of refinancing into a different loan product.~~  
13 ~~Homeowners receiving financial assistance shall also agree to partake~~  
14 ~~in a residential mortgage counseling program.~~) Moneys may also be  
15 used for outreach activities to raise awareness of this program;  
16 creating and maintaining a pool of volunteers consisting of attorneys,  
17 accountants, banking professionals, mortgage brokers, housing  
18 counselors, and other relevant professionals who participate in the  
19 program as needed and without compensation to provide advice and  
20 representation to the borrower in achieving work-outs, loan  
21 modifications, or other results that keep them in their homes; and  
22 administering assignments of volunteers to borrowers in the most  
23 productive manner. Not more than four percent of the total  
24 appropriation for this program may be used for administrative expenses  
25 of the department and the commission.

26 (4) The commission must provide an annual report to the legislature  
27 at the end of each fiscal year of program operation. The report must  
28 include information (~~including the total number of households seeking~~  
29 ~~help to resolve mortgage delinquency, the number of program~~  
30 ~~participants that successfully avoided foreclosure, and the number of~~  
31 ~~program participants who refinanced a home, including information on~~  
32 ~~the terms of both the new loan product and the product out of which the~~  
33 ~~homeowner refinanced~~) determined by the prevent or reduce owner-  
34 occupied foreclosure oversight committee established under section 4 of  
35 this act to be useful in assessing the success of the program. The  
36 commission shall establish and report upon performance measures,  
37 including measures to gauge program efficiency and effectiveness and  
38 customer satisfaction.

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

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

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

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

25        The Washington state housing finance commission shall ~~((only))~~  
26 serve ~~((low-income))~~ households, ~~((as-defined-in-RCW-84.14.010,))~~  
27 families, and individuals who are residents of Washington state, with  
28 an emphasis on borrowers with incomes up to one hundred forty percent  
29 of the median income level of the county in which the borrower resides,  
30 through the ~~((smart-homeownership-choices))~~ prevent\_or\_reduce\_owner-  
31 occupied foreclosure program described in RCW 43.320.160 using state  
32 appropriated general funds in the ~~((smart-homeownership-choices))~~  
33 prevent\_or\_reduce owner-occupied foreclosure program account created in  
34 RCW 43.320.165~~((÷))~~ and contributions from private and other sources  
35 ~~((to the account may be used to serve both low income and moderate-~~

1 income-households, as defined in RCW 84.14.010, through the smart  
2 homeownership choices program)).

3 **\*NEW SECTION. Sec. 4.** A new section is added to chapter 43.320 RCW  
4 to read as follows:

5 (1) The housing finance commission shall establish a prevent or  
6 reduce owner-occupied foreclosure oversight committee to consist of:

7 (a) One member from each of the two largest caucuses of the senate,  
8 appointed by the president of the senate;

9 (b) One member from each of the two largest caucuses of the house  
10 of representatives, appointed by the speaker of the house of  
11 representatives;

12 (c) The director of the department of financial institutions as an  
13 ex officio member;

14 (d) The executive director of the housing finance commission as an  
15 ex officio member;

16 (e) A representative of the Washington state bar association;

17 (f) A representative of the office of civil legal aid;

18 (g) A representative of a banker's association;

19 (h) A representative of the Washington state board of accountancy;

20 (i) A representative of community banks;

21 (j) A representative of mortgage brokers;

22 (k) A representative of housing counselors; and

23 (l) A representative of credit unions.

24 (2) The members of the prevent or reduce owner-occupied foreclosure  
25 oversight committee shall serve without compensation.

26 (3) The prevent or reduce owner-occupied foreclosure oversight  
27 committee shall serve as the housing finance commission's principal  
28 advisory body on the prevent or reduce owner-occupied foreclosure  
29 program, and must:

30 (a) Develop criteria for success of the program that may include:  
31 Number of borrowers served; number of work-outs achieved; amount of  
32 homeowner funds received for homeowner stabilization; and number of  
33 volunteer professionals participating;

34 (b) Periodically evaluate the effectiveness of the program  
35 according to the criteria developed under (a) of this subsection;

36 (c) Develop and maintain an inventory of state and federal housing  
37 assistance programs directed to stabilize owner-occupied homes; and

1 (d) Coordinate all state efforts related to prevention or reduction  
2 of owner-occupied foreclosures.

3 (4) Any of the duties under subsection (3) of this section may be  
4 delegated to the executive director of the housing finance commission.

5 (5) The prevent or reduce owner-occupied foreclosure oversight  
6 committee shall meet regularly.

7 (6) The housing finance commission must provide information and  
8 assistance as requested for the prevent or reduce owner-occupied  
9 foreclosure oversight committee to carry out its duties under this  
10 section.

11 (7) Staff support for the committee must be provided by the housing  
12 finance commission.

\*Sec. 4 was vetoed. See message at end of chapter.

13 NEW SECTION. Sec. 5. The following acts or parts of acts, as now  
14 existing or hereafter amended, are each repealed, effective June 30,  
15 2011:

16 (1) RCW 43.320.160 (Smart homeownership choices program--Report)  
17 and section 1 of this act & 2008 c 322 s 1;

18 (2) RCW 43.320.165 (Smart homeownership choices program account)  
19 and section 2 of this act & 2008 c 322 s 2;

20 (3) RCW 43.320.170 (Smart homeownership choices program--  
21 Expenditures--Low-income households--Moderate-income households) and  
22 section 3 of this act & 2008 c 322 s 3; and

23 (4) Section 4 of this act.

Passed by the Senate April 21, 2009.

Passed by the House April 9, 2009.

Approved by the Governor May 7, 2009, with the exception of  
certain items that were vetoed.

Filed in Office of Secretary of State May 8, 2009.

Note: Governor's explanation of partial veto is as follows:

"I have approved, except for Section 4, Engrossed Senate Bill 6033  
entitled:

"AN ACT Relating to creating the prevent or reduce owner-occupied  
foreclosure program."

Section 4 of this bill requires the Washington State Housing Finance  
Commission to establish an oversight committee to prevent or reduce  
owner-occupied home foreclosures. The committee is tasked with  
developing criteria for the success of the program, periodically  
evaluating the effectiveness of the program, developing and  
maintaining an inventory of state and federal housing assistance  
programs directed to stabilize owner-occupied homes and coordinating  
all state efforts related to prevention or reduction of owner-occupied  
foreclosures. These tasks are all important.

The Washington State Housing Finance Commission and Department of Financial Institutions, however, already have the authority to consult with stakeholders on these topics. Therefore I am vetoing Section 4 of this bill and ask that the directors of the Washington Housing Finance Commission and the Department of Financial Institutions exercise their authority to seek input from stakeholders when establishing the program.

For this reason, I have vetoed Section 4 of Engrossed Senate Bill 6033. With the exception of Section 4, Engrossed Senate Bill 6033 is approved."