
SUBSTITUTE HOUSE BILL 2236

State of Washington

69th Legislature

2026 Regular Session

By House Housing (originally sponsored by Representatives Zahn, Peterson, Reed, Leavitt, Macri, and Hill)

READ FIRST TIME 01/27/26.

1 AN ACT Relating to the housing finance commission; amending RCW
2 43.180.010, 43.180.050, 43.180.080, 43.180.090, and 43.180.150;
3 adding a new section to chapter 43.180 RCW; and repealing RCW
4 43.180.220, 43.180.230, 43.180.240, and 43.180.070.

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

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 43.180
7 RCW to read as follows:

8 The legislature finds that the commission is not intended to
9 function as a retail mortgage lender. Nothing in this chapter
10 authorizes the commission to compete with private financial
11 institutions in the origination of residential mortgage loans to
12 individual homebuyers. The authority granted in RCW 43.180.050(1)(c)
13 is intended solely to streamline financing for multifamily and other
14 nonowner-occupied housing while preserving the role of licensed
15 mortgage lenders in the residential mortgage lending market.

16 **Sec. 2.** RCW 43.180.010 and 1983 c 161 s 1 are each amended to
17 read as follows:

18 It is declared to be the public policy of the state and a
19 recognized governmental function to assist in making affordable and
20 decent housing available throughout the state and by so doing to

1 contribute to the general welfare. Decent housing for the people of
2 our state is a most important public concern. Interest rates and
3 construction costs have made it impossible for many Washington
4 citizens to purchase their own homes. Older people, (~~disabled~~
5 ~~persons~~) individuals with disabilities, and low and moderate-income
6 families often cannot afford to rent decent housing. There exists
7 throughout the state a serious shortage of safe, sanitary and energy
8 efficient housing available at prices within the financial means of
9 our citizens. General economic development within the state is also
10 impeded by a lack of affordable housing. The state's economy, which
11 is dependent on the timber, wood products, and construction
12 industries, has been damaged by inadequate investment in housing
13 construction and rehabilitation. The result has been high
14 unemployment and economic hardship affecting the prosperity of all
15 the people of the state, particularly those in the wood products
16 industry.

17 It is the purpose of this chapter to establish a state housing
18 finance commission to act as a constituted authority and financial
19 conduit which, without (~~using public funds or~~) lending the credit
20 of the state or local government, can issue nonrecourse revenue bonds
21 and participate in federal, state, and local housing programs and
22 thereby make additional funds available at affordable rates to help
23 provide housing throughout the state. It is also a primary purpose of
24 this chapter to encourage the use of Washington state forest products
25 in residential construction. This chapter is enacted to accomplish
26 these and related purposes and shall be liberally construed to carry
27 out its purposes and objectives.

28 **Sec. 3.** RCW 43.180.050 and 2013 c 13 s 1 are each amended to
29 read as follows:

30 (1) In addition to other powers and duties prescribed in this
31 chapter, and in furtherance of the purposes of this chapter to
32 provide decent, safe, sanitary, and affordable housing for eligible
33 persons, the commission is empowered to:

34 (a) Issue bonds in accordance with this chapter;

35 (b) Invest in, purchase, or make commitments to purchase or take
36 assignments from mortgage lenders of mortgages or mortgage loans;

37 (c) Make loans (~~to or deposits with mortgage lenders for the~~
38 ~~purpose of making~~) and mortgage loans, but not loans or mortgage

1 loans for owner-occupied residential home purchases or refinancing,
2 except as expressly authorized under (d) of this subsection;

3 (d) Make loans for down payment assistance to homebuyers in
4 conjunction with other commission programs; and

5 (e) Participate fully in federal and other governmental programs
6 and to take such actions as are necessary and consistent with this
7 chapter to secure to itself and the people of the state the benefits
8 of those programs and to meet their requirements, including such
9 actions as the commission considers appropriate in order to have the
10 interest payments on its bonds and other obligations treated as tax
11 exempt under the code.

12 (2) Except as expressly authorized under subsection (1)(d) of
13 this section, the commission may not originate or make residential
14 mortgage loans directly to natural persons for the purchase or
15 refinancing of owner-occupied single-family housing.

16 (3) The commission shall establish eligibility standards for
17 eligible persons, considering at least the following factors:

18 (a) Income;

19 (b) Family size;

20 (c) Cost, condition, and energy efficiency of available
21 residential housing;

22 (d) Availability of decent, safe, and sanitary housing;

23 (e) Age or infirmity; and

24 (f) Applicable federal, state, and local requirements.

25 (4) The state auditor shall audit the books, records, and affairs
26 of the commission annually to determine, among other things, if the
27 use of bond proceeds complies with the general plan of housing
28 finance objectives including compliance with the objective for the
29 use of financing assistance for implementation of cost-effective
30 energy efficiency measures in dwellings.

31 **Sec. 4.** RCW 43.180.080 and 2010 c 2 s 5 are each amended to read
32 as follows:

33 In addition to other powers and duties specified in this chapter,
34 the commission may:

35 (1) Establish in resolutions relating to any issuance of bonds,
36 or in any financing documents relating to such issuance, such
37 standards and requirements applicable to the purchase of mortgages
38 and mortgage loans or the making of loans (~~to mortgage lenders~~)
39 consistent with RCW 43.180.050 as the commission deems necessary or

1 desirable, including but not limited to: (a) The time within which
2 mortgage lenders must make commitments and disbursements for
3 mortgages or mortgage loans; (b) the location and other
4 characteristics of single-family housing or multifamily housing to be
5 financed by mortgages and mortgage loans; (c) the terms and
6 conditions of mortgages and mortgage loans to be acquired or made;
7 (d) the amounts and types of insurance coverage required on
8 mortgages, mortgage loans, and bonds; (e) the representations and
9 warranties of mortgage lenders and borrowers confirming compliance
10 with such standards and requirements; (f) restrictions as to interest
11 rate and other terms of mortgages or mortgage loans or the return
12 realized therefrom by mortgage lenders; (g) the type and amount of
13 collateral security to be provided to assure repayment of any loans
14 from the commission and to assure repayment of bonds; and (h) any
15 other matters related to the purchase of mortgages or mortgage loans
16 or the making of loans to borrowers and lending institutions as shall
17 be deemed relevant by the commission;

18 (2) Sue and be sued in its own name;

19 (3) Make and execute contracts and all other instruments
20 necessary or convenient for the exercise of its purposes or powers,
21 including but not limited to contracts or agreements for the
22 origination, servicing, and administration of mortgages or mortgage
23 loans, and the borrowing of money;

24 (4) Procure such insurance, including but not limited to
25 insurance: (a) Against any loss in connection with its property and
26 other assets, including but not limited to mortgages or mortgage
27 loans, in such amounts and from such insurers as the commission deems
28 desirable, and (b) to indemnify members of the commission for acts
29 done in the course of their duties;

30 (5) Provide for the investment of any funds, including funds held
31 in reserve, not required for immediate disbursement, and provide for
32 the selection of investments;

33 (6) Fix, revise, and collect fees and charges in connection with
34 the investigation and financing of housing or in connection with
35 assignments, contracts, purchases of mortgages or mortgage loans, or
36 any other actions permitted under this chapter or by the commission;
37 and receive grants and contributions;

38 (7) Make such expenditures as are appropriate for paying the
39 administrative costs of the commission and for carrying out the
40 provisions of this chapter. These expenditures may be made only from

1 funds consisting of the commission's receipts from fees and charges,
2 grants and contributions, the proceeds of bonds issued by the
3 commission, and other revenues; these expenditures shall not be made
4 from funds of the state of Washington;

5 (8) Establish such special funds, and controls on deposits to and
6 disbursements from them, as it finds convenient for the
7 implementation of this chapter;

8 (9) Conduct such investigations and feasibility studies as it
9 deems appropriate;

10 (10) Proceed with foreclosure actions or accept deeds in lieu of
11 foreclosure together with the assignments of leases and rentals
12 incidental thereto. Any properties acquired by the commission through
13 such actions shall be sold as soon as practicable through persons
14 licensed under chapter 18.85 RCW or at public auction, or by transfer
15 to a public agency. In preparation for the disposition of the
16 properties, the commission may own, lease, clear, construct,
17 reconstruct, rehabilitate, repair, maintain, manage, operate, assign,
18 or encumber the properties;

19 (11) Take assignments of leases and rentals;

20 (12) Subject to any provisions of the commission's contracts with
21 the holders of obligations of the commission, consent to any
22 modification with respect to rate of interest, time, and payment of
23 any installment of principal or interest or any other term of any
24 contract, mortgage, mortgage loan, mortgage loan commitment,
25 contract, or agreement of any kind;

26 (13) Subject to provisions of the commission's contracts with the
27 holders of bonds, permit the reduction of rental or carrying charges
28 to persons unable to pay the regular rent or schedule of charges if,
29 by reason of other income of the commission or by reason of payment
30 by any department, agency, or instrumentality of the United States or
31 of this state, the reduction can be made without jeopardizing the
32 economic stability of the housing being financed;

33 (14) Sell, at public or private sale, with or without public
34 bidding, any mortgage, mortgage loan, or other instrument or asset
35 held by the commission;

36 (15) Employ, contract with, or engage engineers, architects,
37 attorneys, financial advisors, bond underwriters, mortgage lenders,
38 mortgage administrators, housing construction or financing experts,
39 other technical or professional assistants, and such other personnel

1 as are necessary. The commission may delegate to the appropriate
2 persons the power to execute legal instruments on its behalf;

3 (16) Receive contributions or grants from any source unless
4 otherwise prohibited;

5 (17) Impose covenants running with the land in order to satisfy
6 and enforce the requirements of applicable state and federal law and
7 commission policy with respect to housing or other facilities
8 financed by the commission or assisted by federal, state, or local
9 programs administered by the commission, by executing and recording
10 regulatory agreements or other covenants between the commission and
11 the person or entity to be bound. These regulatory agreements and
12 covenants shall run with the land and be enforceable by the
13 commission or its successors or assigns against the person or entity
14 making the regulatory agreement or covenants or its successors or
15 assigns, even though there may be no privity of estate or privity of
16 contract between the commission or its successors or assigns and the
17 person or entity against whom enforcement is sought. The term of any
18 such covenant shall be set forth in the recorded agreement containing
19 the covenant. This subsection shall apply to regulatory agreements
20 and covenants previously entered into by the commission as well as
21 regulatory agreements and covenants entered into by the commission on
22 or after July 27, 1997;

23 (18) Delegate any of its powers and duties if consistent with the
24 purposes of this chapter;

25 (19) Exercise any other power reasonably required to implement
26 the purposes of this chapter.

27 From February 15, 2010, through June 30, 2011, neither the
28 commission nor its designees may grant any monetary performance-based
29 awards or incentives to any employee. This subsection does not
30 prohibit the payment of awards provided for in chapter 41.60 RCW.

31 **Sec. 5.** RCW 43.180.090 and 1983 c 161 s 9 are each amended to
32 read as follows:

33 (1) The commission shall adopt written policies to provide for
34 the selection of bond counsel. The policies shall provide for the
35 creation and maintenance of a roster of attorneys whom the commission
36 believes possess the requisite special expertise and professional
37 standing to provide bond counsel opinions which would be accepted by
38 the underwriters, bondholders, and other members of the financial
39 community, and which would be in furtherance of the public interest

1 in obtaining the lowest possible interest rates on the bonds issued
2 by the commission. Any attorney may apply to have his or her name
3 placed on the roster, but may not be placed on the roster unless the
4 attorney demonstrates to the commission's satisfaction that the
5 attorney would issue the kind of opinions required by this section.

6 (2) Prior to selecting an attorney or attorneys to provide bond
7 counsel services, the commission shall provide all attorneys on the
8 roster with a notice of its intentions to select bond counsel and
9 shall invite each of them to submit to the commission his or her fee
10 schedule for providing bond counsel services. The commission shall
11 have wide discretion in selecting the attorney or attorneys it
12 considers to be most appropriate to provide the services, but in the
13 exercise of this discretion the commission shall consider all
14 submitted fee schedules and the public interest in achieving both
15 savings in bond counsel fees and issuance of bonds on terms most
16 favorable to the commission. At least once every (~~two~~) four
17 calendar years, the commission shall select anew an attorney or
18 attorneys to serve as bond counsel. However, the commission may
19 retain an attorney for longer than (~~two~~) four years when necessary
20 to complete work on a particular bond issue. An attorney previously
21 retained may be selected again but only after the commission has
22 provided other attorneys on the roster with an opportunity to be
23 selected and has made the fee schedule review required under this
24 subsection. In addition to or as an alternative to retaining counsel
25 for a period of time, the commission may appoint an attorney to serve
26 as counsel in respect to only a particular bond issue.

27 **Sec. 6.** RCW 43.180.150 and 1983 c 161 s 15 are each amended to
28 read as follows:

29 (1) The commission's bonds shall bear such date or dates, mature
30 at such time or times, be in such denominations, be in such form, be
31 registered or registrable in such manner, be made transferable,
32 exchangeable, and interchangeable, be payable in such medium of
33 payment, at such place or places, be subject to such terms of
34 redemption, bear such fixed or variable rate or rates of interest, be
35 payable at such time or times, and be sold in such manner and at such
36 price or prices, as the commission determines. The bonds shall be
37 executed by the chair, by either its duly elected secretary or its
38 treasurer, and by the trustee or paying agent if the commission

1 determines to use a trustee or paying agent for the bonds. Execution
2 of the bonds may be by manual or facsimile signature.

3 (2) The bonds of the commission shall be subject to such terms,
4 conditions, covenants, and protective provisions as are found
5 necessary or desirable by the commission, including, but not limited
6 to, pledges of the commission's assets, setting aside of reserves,
7 limitations on additional forms of indebtedness, and the mortgaging
8 of all or any part of the commission's real or personal property,
9 then owned or thereafter acquired, and other provisions the
10 commission finds are necessary or desirable for the security of
11 bondholders.

12 (3) Any security interest created in the unexpended bond proceeds
13 and in the special funds created by the commission shall be
14 immediately valid and binding against such moneys and any securities
15 in which such moneys may be invested without commission or trustee
16 possession thereof, and the security interest shall be prior to any
17 party having any competing claim in such moneys or securities,
18 without filing or recording pursuant to chapter 62A.9 RCW and
19 regardless of whether the party has notice of the security interest.

20 (4) When issuing bonds, the commission may provide for the future
21 issuance of additional bonds or parity debt on a parity with
22 outstanding bonds, and the terms and conditions of their issuance.
23 The commission may refund or advance refund any bond of the
24 commission in accordance with chapter 39.53 RCW or issue bonds with a
25 subordinate lien against the fund or funds securing outstanding
26 bonds.

27 ~~(5) ((The chair of the state finance committee or the chair's~~
28 ~~designee shall be notified in advance of the issuance of bonds by the~~
29 ~~commission in order to promote the orderly offering of obligations in~~
30 ~~the financial markets.~~

31 ~~(6))~~ The members of the commission and any person executing the
32 bonds are not liable personally on the indebtedness or subject to any
33 personal liability or accountability by reason of the issuance
34 thereof.

35 ~~((7))~~ (6) The commission may, out of any fund available
36 therefor, purchase its bonds in the open market.

37 NEW SECTION. **Sec. 7.** The following acts or parts of acts are
38 each repealed:

1 (1) RCW 43.180.220 (Housing finance program—Mortgage financing—
2 Investments—Flexible loan underwriting guidelines) and 1994 c 235 s
3 1;

4 (2) RCW 43.180.230 (Housing finance program—Program elements) and
5 1994 c 235 s 2;

6 (3) RCW 43.180.240 (Housing finance program—Report to legislature
7 annually—Implementation) and 1994 c 235 s 3; and

8 (4) RCW 43.180.070 (Housing finance plan) and 2020 c 274 s 25.

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