
HOUSE BILL 2236

State of Washington

69th Legislature

2026 Regular Session

By Representatives Zahn, Peterson, Reed, Leavitt, Macri, and Hill

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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; and
3 repealing RCW 43.180.220, 43.180.230, 43.180.240, and 43.180.070.

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

5 **Sec. 1.** RCW 43.180.010 and 1983 c 161 s 1 are each amended to
6 read as follows:

7 It is declared to be the public policy of the state and a
8 recognized governmental function to assist in making affordable and
9 decent housing available throughout the state and by so doing to
10 contribute to the general welfare. Decent housing for the people of
11 our state is a most important public concern. Interest rates and
12 construction costs have made it impossible for many Washington
13 citizens to purchase their own homes. Older people, (~~disabled~~
14 ~~persons~~) individuals with disabilities, and low and moderate-income
15 families often cannot afford to rent decent housing. There exists
16 throughout the state a serious shortage of safe, sanitary and energy
17 efficient housing available at prices within the financial means of
18 our citizens. General economic development within the state is also
19 impeded by a lack of affordable housing. The state's economy, which
20 is dependent on the timber, wood products, and construction
21 industries, has been damaged by inadequate investment in housing

1 construction and rehabilitation. The result has been high
2 unemployment and economic hardship affecting the prosperity of all
3 the people of the state, particularly those in the wood products
4 industry.

5 It is the purpose of this chapter to establish a state housing
6 finance commission to act as a constituted authority and financial
7 conduit which, without (~~using public funds or~~) lending the credit
8 of the state or local government, can issue nonrecourse revenue bonds
9 and participate in federal, state, and local housing programs and
10 thereby make additional funds available at affordable rates to help
11 provide housing throughout the state. It is also a primary purpose of
12 this chapter to encourage the use of Washington state forest products
13 in residential construction. This chapter is enacted to accomplish
14 these and related purposes and shall be liberally construed to carry
15 out its purposes and objectives.

16 **Sec. 2.** RCW 43.180.050 and 2013 c 13 s 1 are each amended to
17 read as follows:

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

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

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

25 (c) Make mortgage loans to borrowers and make loans to or
26 deposits with mortgage lenders for the purpose of making mortgage
27 loans;

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

30 (e) Participate fully in federal and other governmental programs
31 and to take such actions as are necessary and consistent with this
32 chapter to secure to itself and the people of the state the benefits
33 of those programs and to meet their requirements, including such
34 actions as the commission considers appropriate in order to have the
35 interest payments on its bonds and other obligations treated as tax
36 exempt under the code.

37 (2) The commission shall establish eligibility standards for
38 eligible persons, considering at least the following factors:

39 (a) Income;

1 (b) Family size;

2 (c) Cost, condition, and energy efficiency of available
3 residential housing;

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

5 (e) Age or infirmity; and

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

7 The state auditor shall audit the books, records, and affairs of
8 the commission annually to determine, among other things, if the use
9 of bond proceeds complies with the general plan of housing finance
10 objectives including compliance with the objective for the use of
11 financing assistance for implementation of cost-effective energy
12 efficiency measures in dwellings.

13 **Sec. 3.** RCW 43.180.080 and 2010 c 2 s 5 are each amended to read
14 as follows:

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

17 (1) Establish in resolutions relating to any issuance of bonds,
18 or in any financing documents relating to such issuance, such
19 standards and requirements applicable to the purchase of mortgages
20 and mortgage loans or the making of loans to mortgage lenders and
21 mortgage loans to borrowers as the commission deems necessary or
22 desirable, including but not limited to: (a) The time within which
23 mortgage lenders must make commitments and disbursements for
24 mortgages or mortgage loans; (b) the location and other
25 characteristics of single-family housing or multifamily housing to be
26 financed by mortgages and mortgage loans; (c) the terms and
27 conditions of mortgages and mortgage loans to be acquired or made;
28 (d) the amounts and types of insurance coverage required on
29 mortgages, mortgage loans, and bonds; (e) the representations and
30 warranties of mortgage lenders and borrowers confirming compliance
31 with such standards and requirements; (f) restrictions as to interest
32 rate and other terms of mortgages or mortgage loans or the return
33 realized therefrom by mortgage lenders; (g) the type and amount of
34 collateral security to be provided to assure repayment of any loans
35 from the commission and to assure repayment of bonds; and (h) any
36 other matters related to the purchase of mortgages or mortgage loans
37 or the making of loans to borrowers and lending institutions as shall
38 be deemed relevant by the commission;

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

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

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

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

15 (6) Fix, revise, and collect fees and charges in connection with
16 the investigation and financing of housing or in connection with
17 assignments, contracts, purchases of mortgages or mortgage loans, or
18 any other actions permitted under this chapter or by the commission;
19 and receive grants and contributions;

20 (7) Make such expenditures as are appropriate for paying the
21 administrative costs of the commission and for carrying out the
22 provisions of this chapter. These expenditures may be made only from
23 funds consisting of the commission's receipts from fees and charges,
24 grants and contributions, the proceeds of bonds issued by the
25 commission, and other revenues; these expenditures shall not be made
26 from funds of the state of Washington;

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

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

32 (10) Proceed with foreclosure actions or accept deeds in lieu of
33 foreclosure together with the assignments of leases and rentals
34 incidental thereto. Any properties acquired by the commission through
35 such actions shall be sold as soon as practicable through persons
36 licensed under chapter 18.85 RCW or at public auction, or by transfer
37 to a public agency. In preparation for the disposition of the
38 properties, the commission may own, lease, clear, construct,
39 reconstruct, rehabilitate, repair, maintain, manage, operate, assign,
40 or encumber the properties;

- 1 (11) Take assignments of leases and rentals;
- 2 (12) Subject to any provisions of the commission's contracts with
3 the holders of obligations of the commission, consent to any
4 modification with respect to rate of interest, time, and payment of
5 any installment of principal or interest or any other term of any
6 contract, mortgage, mortgage loan, mortgage loan commitment,
7 contract, or agreement of any kind;
- 8 (13) Subject to provisions of the commission's contracts with the
9 holders of bonds, permit the reduction of rental or carrying charges
10 to persons unable to pay the regular rent or schedule of charges if,
11 by reason of other income of the commission or by reason of payment
12 by any department, agency, or instrumentality of the United States or
13 of this state, the reduction can be made without jeopardizing the
14 economic stability of the housing being financed;
- 15 (14) Sell, at public or private sale, with or without public
16 bidding, any mortgage, mortgage loan, or other instrument or asset
17 held by the commission;
- 18 (15) Employ, contract with, or engage engineers, architects,
19 attorneys, financial advisors, bond underwriters, mortgage lenders,
20 mortgage administrators, housing construction or financing experts,
21 other technical or professional assistants, and such other personnel
22 as are necessary. The commission may delegate to the appropriate
23 persons the power to execute legal instruments on its behalf;
- 24 (16) Receive contributions or grants from any source unless
25 otherwise prohibited;
- 26 (17) Impose covenants running with the land in order to satisfy
27 and enforce the requirements of applicable state and federal law and
28 commission policy with respect to housing or other facilities
29 financed by the commission or assisted by federal, state, or local
30 programs administered by the commission, by executing and recording
31 regulatory agreements or other covenants between the commission and
32 the person or entity to be bound. These regulatory agreements and
33 covenants shall run with the land and be enforceable by the
34 commission or its successors or assigns against the person or entity
35 making the regulatory agreement or covenants or its successors or
36 assigns, even though there may be no privity of estate or privity of
37 contract between the commission or its successors or assigns and the
38 person or entity against whom enforcement is sought. The term of any
39 such covenant shall be set forth in the recorded agreement containing
40 the covenant. This subsection shall apply to regulatory agreements

1 and covenants previously entered into by the commission as well as
2 regulatory agreements and covenants entered into by the commission on
3 or after July 27, 1997;

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

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

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

12 **Sec. 4.** RCW 43.180.090 and 1983 c 161 s 9 are each amended to
13 read as follows:

14 (1) The commission shall adopt written policies to provide for
15 the selection of bond counsel. The policies shall provide for the
16 creation and maintenance of a roster of attorneys whom the commission
17 believes possess the requisite special expertise and professional
18 standing to provide bond counsel opinions which would be accepted by
19 the underwriters, bondholders, and other members of the financial
20 community, and which would be in furtherance of the public interest
21 in obtaining the lowest possible interest rates on the bonds issued
22 by the commission. Any attorney may apply to have his or her name
23 placed on the roster, but may not be placed on the roster unless the
24 attorney demonstrates to the commission's satisfaction that the
25 attorney would issue the kind of opinions required by this section.

26 (2) Prior to selecting an attorney or attorneys to provide bond
27 counsel services, the commission shall provide all attorneys on the
28 roster with a notice of its intentions to select bond counsel and
29 shall invite each of them to submit to the commission his or her fee
30 schedule for providing bond counsel services. The commission shall
31 have wide discretion in selecting the attorney or attorneys it
32 considers to be most appropriate to provide the services, but in the
33 exercise of this discretion the commission shall consider all
34 submitted fee schedules and the public interest in achieving both
35 savings in bond counsel fees and issuance of bonds on terms most
36 favorable to the commission. At least once every (~~two~~) four
37 calendar years, the commission shall select anew an attorney or
38 attorneys to serve as bond counsel. However, the commission may
39 retain an attorney for longer than (~~two~~) four years when necessary

1 to complete work on a particular bond issue. An attorney previously
2 retained may be selected again but only after the commission has
3 provided other attorneys on the roster with an opportunity to be
4 selected and has made the fee schedule review required under this
5 subsection. In addition to or as an alternative to retaining counsel
6 for a period of time, the commission may appoint an attorney to serve
7 as counsel in respect to only a particular bond issue.

8 **Sec. 5.** RCW 43.180.150 and 1983 c 161 s 15 are each amended to
9 read as follows:

10 (1) The commission's bonds shall bear such date or dates, mature
11 at such time or times, be in such denominations, be in such form, be
12 registered or registrable in such manner, be made transferable,
13 exchangeable, and interchangeable, be payable in such medium of
14 payment, at such place or places, be subject to such terms of
15 redemption, bear such fixed or variable rate or rates of interest, be
16 payable at such time or times, and be sold in such manner and at such
17 price or prices, as the commission determines. The bonds shall be
18 executed by the chair, by either its duly elected secretary or its
19 treasurer, and by the trustee or paying agent if the commission
20 determines to use a trustee or paying agent for the bonds. Execution
21 of the bonds may be by manual or facsimile signature.

22 (2) The bonds of the commission shall be subject to such terms,
23 conditions, covenants, and protective provisions as are found
24 necessary or desirable by the commission, including, but not limited
25 to, pledges of the commission's assets, setting aside of reserves,
26 limitations on additional forms of indebtedness, and the mortgaging
27 of all or any part of the commission's real or personal property,
28 then owned or thereafter acquired, and other provisions the
29 commission finds are necessary or desirable for the security of
30 bondholders.

31 (3) Any security interest created in the unexpended bond proceeds
32 and in the special funds created by the commission shall be
33 immediately valid and binding against such moneys and any securities
34 in which such moneys may be invested without commission or trustee
35 possession thereof, and the security interest shall be prior to any
36 party having any competing claim in such moneys or securities,
37 without filing or recording pursuant to chapter 62A.9 RCW and
38 regardless of whether the party has notice of the security interest.

1 (4) When issuing bonds, the commission may provide for the future
2 issuance of additional bonds or parity debt on a parity with
3 outstanding bonds, and the terms and conditions of their issuance.
4 The commission may refund or advance refund any bond of the
5 commission in accordance with chapter 39.53 RCW or issue bonds with a
6 subordinate lien against the fund or funds securing outstanding
7 bonds.

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

12 ~~(6))~~ The members of the commission and any person executing the
13 bonds are not liable personally on the indebtedness or subject to any
14 personal liability or accountability by reason of the issuance
15 thereof.

16 ~~((7))~~ (6) The commission may, out of any fund available
17 therefor, purchase its bonds in the open market.

18 NEW SECTION. **Sec. 6.** The following acts or parts of acts are
19 each repealed:

20 (1) RCW 43.180.220 (Housing finance program—Mortgage financing—
21 Investments—Flexible loan underwriting guidelines) and 1994 c 235 s
22 1;

23 (2) RCW 43.180.230 (Housing finance program—Program elements) and
24 1994 c 235 s 2;

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

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

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