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ENGROSSED SECOND SUBSTITUTE SENATE BILL 5686

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State of Washington

69th Legislature

2025 Regular Session

By Senate Ways & Means (originally sponsored by Senators Orwall, Frame, Hasegawa, and Nobles)

READ FIRST TIME 02/28/25.

1 AN ACT Relating to expanding and funding the foreclosure  
2 mediation program; amending RCW 61.24.005, 61.24.163, 61.24.165,  
3 61.24.165, 61.24.005, 61.24.172, 64.32.200, 64.34.364, 64.38.100, and  
4 64.90.485; adding new sections to chapter 61.24 RCW; providing  
5 effective dates; and providing an expiration date.

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

7 **Sec. 1.** RCW 61.24.005 and 2021 c 151 s 2 are each amended to  
8 read as follows:

9 The definitions in this section apply throughout this chapter  
10 unless the context clearly requires otherwise.

11 (1) "Affiliate of beneficiary" means any entity which controls,  
12 is controlled by, or is under common control with a beneficiary.

13 (2) "Assessment" means all sums chargeable by the association  
14 against a unit, including any assessments levied for common expenses,  
15 fines or fees levied or imposed by the association pursuant to  
16 chapters 64.32, 64.34, 64.38, and 64.90 RCW or the governing  
17 documents, interest and late charges on any delinquent account, and  
18 all costs of collection incurred by the association in connection  
19 with the collection of a delinquent owner's account, including  
20 reasonable attorneys' fees.

1        (3) "Association" means an association subject to chapter 64.32,  
2 64.34, 64.38, or 64.90 RCW.

3        (4) "Beneficiary" means the holder of the instrument or document  
4 evidencing the obligations secured by the deed of trust, excluding  
5 persons holding the same as security for a different obligation.

6        ~~((3))~~ (5) "Borrower" means a person or a general partner in a  
7 partnership, including a joint venture, that is liable for all or  
8 part of the obligations secured by the deed of trust under the  
9 instrument or other document that is the principal evidence of such  
10 obligations, or the person's successors if they are liable for those  
11 obligations under a written agreement with the beneficiary.

12        ~~((4))~~ (6) "Commercial loan" means a loan that is not made  
13 primarily for personal, family, or household purposes.

14        ~~((5))~~ (7) "Department" means the department of commerce or its  
15 designee.

16        ~~((6))~~ (8) "Fair value" means the value of the property  
17 encumbered by a deed of trust that is sold pursuant to a trustee's  
18 sale. This value shall be determined by the court or other  
19 appropriate adjudicator by reference to the most probable price, as  
20 of the date of the trustee's sale, which would be paid in cash or  
21 other immediately available funds, after deduction of prior liens and  
22 encumbrances with interest to the date of the trustee's sale, for  
23 which the property would sell on such date after reasonable exposure  
24 in the market under conditions requisite to a fair sale, with the  
25 buyer and seller each acting prudently, knowledgeably, and for self-  
26 interest, and assuming that neither is under duress.

27        ~~((7))~~ (9) "Grantor" means a person, or its successors, who  
28 executes a deed of trust to encumber the person's interest in  
29 property as security for the performance of all or part of the  
30 borrower's obligations.

31        ~~((8))~~ (10) "Guarantor" means any person and its successors who  
32 is not a borrower and who guarantees any of the obligations secured  
33 by a deed of trust in any written agreement other than the deed of  
34 trust.

35        ~~((9))~~ (11) "Housing counselor" means a housing counselor that  
36 has been approved by the United States department of housing and  
37 urban development or approved by the Washington state housing finance  
38 commission.

1       ~~((10))~~ (12) "Notice of delinquency" means a notice of  
2 delinquency as that phrase is used in chapters 64.32, 64.34, 64.38,  
3 and 64.90 RCW.

4       (13) "Owner-occupied" means property that is the principal  
5 residence of the borrower.

6       ~~((11))~~ (14) "Person" means any natural person, or legal or  
7 governmental entity.

8       ~~((12))~~ (15) "Record" and "recorded" includes the appropriate  
9 registration proceedings, in the instance of registered land.

10       ~~((13))~~ (16) "Residential real property" means property  
11 consisting solely of a single-family residence, a residential  
12 condominium unit, or a residential cooperative unit. For the purposes  
13 of the application of RCW 61.24.163, residential real property  
14 includes residential real property of up to four units.

15       ~~((14))~~ (17) "Senior beneficiary" means the beneficiary of a  
16 deed of trust that has priority over any other deeds of trust  
17 encumbering the same residential real property.

18       ~~((15))~~ (18) "Tenant-occupied property" means property  
19 consisting solely of residential real property that is the principal  
20 residence of a tenant subject to chapter 59.18 RCW or other building  
21 with four or fewer residential units that is the principal residence  
22 of a tenant subject to chapter 59.18 RCW.

23       ~~((16))~~ (19) "Trustee" means the person designated as the  
24 trustee in the deed of trust or appointed under RCW 61.24.010(2).

25       ~~((17))~~ (20) "Trustee's sale" means a nonjudicial sale under a  
26 deed of trust undertaken pursuant to this chapter.

27       (21) "Unit owner" means an owner of an apartment, unit, or lot in  
28 an association subject to chapter 64.32, 64.34, 64.38, or 64.90 RCW.

29       NEW SECTION.   **Sec. 2.** A new section is added to chapter 61.24  
30 RCW to read as follows:

31       (1) A unit owner who is or may become delinquent to an  
32 association for an assessment charged may contact a housing counselor  
33 to receive housing counseling services.

34       (2) Housing counselors have a duty to act in good faith to assist  
35 unit owners by:

36       (a) Preparing the unit owner for meetings with the association;

37       (b) Advising the unit owner about what documents the unit owner  
38 must have to seek a modification or other resolution of an assessment  
39 charged or may be charged in the future by the association;

1 (c) Informing the unit owner about the alternatives to  
2 foreclosure, including modification or other possible resolutions of  
3 an assessment charged or may be charged in the future by the  
4 association; and

5 (d) Providing other guidance, advice, and education as the  
6 housing counselor considers necessary.

7 (3) Nothing in RCW 64.32.200, 64.34.364, 64.38.100, 64.90.485, or  
8 this section precludes a meeting or negotiations between the housing  
9 counselor, unit owner, and the association at any time, including  
10 after the issuance of a notice of delinquency by the association for  
11 past due assessments to the unit owner by the association.

12 (4) A unit owner who seeks the assistance of a housing counselor  
13 may use the assistance of an attorney at any time.

14 (5) A housing counselor or attorney assisting a unit owner may  
15 refer the unit owner to mediation, pursuant to RCW 61.24.163. Prior  
16 to referring the unit owner to mediation, the housing counselor or  
17 attorney shall cause the unit owner and association to meet and  
18 confer over the assessment charged, and following this meet and  
19 confer shall determine whether mediation is appropriate based on the  
20 individual circumstances. The meet and confer should occur within 30  
21 days of the unit owner contacting the housing counselor or attorney  
22 for assistance. The meet and confer may be done by telephone or  
23 videoconferencing. For the meet and confer, the unit owner and the  
24 association shall be responsible for their own respective attorney  
25 fees, if any, incurred; however, legal representation is not required  
26 for either party participating in the meet and confer. If the  
27 association refuses to participate in the meet and confer then the  
28 unit owner can request within 30 days of the association's refusal  
29 that the housing counselor refer the matter to mediation.

30 (6) During the 30 day time period between the unit owner  
31 contacting the housing counselor and the meet and confer session with  
32 the association, the association is prohibited from charging to the  
33 unit owner any attorney fees the association may have incurred  
34 attempting to collect the past due assessment.

35 (7) The referral to mediation may be made at any time but no  
36 later than 90 days prior to the date of sale listed in a notice of  
37 trustee's sale provided to the unit owner. If an amended notice of  
38 trustee's sale is recorded after the trustee sale has been stayed  
39 pursuant to RCW 61.24.130, the unit owner may be referred to

1 mediation no later than 25 days prior to the date of sale listed in  
2 the amended notice of trustee's sale.

3 (8) Housing counselors providing assistance to borrowers under  
4 this section are not liable for civil damages resulting from any acts  
5 or omissions in providing assistance, unless the acts or omissions  
6 constitute gross negligence or willful or wanton misconduct.

7 (9) Housing counselors shall provide information to the  
8 department to assist the department in its annual report to the  
9 legislature as required under RCW 61.24.163(22). The information  
10 provided to the department by the housing counselors should include  
11 outcomes of foreclosures and be similar to the information requested  
12 in the national foreclosure mortgage counseling client level  
13 foreclosure outcomes report form.

14 **Sec. 3.** RCW 61.24.163 and 2023 c 206 s 5 are each amended to  
15 read as follows:

16 (1) The foreclosure mediation program established in this section  
17 applies only to borrowers or unit owners who have been referred to  
18 mediation by a housing counselor or attorney. The mediation program  
19 under this section is not governed by chapter 7.07 RCW and does not  
20 preclude mediation required by a court or other provision of law.

21 (2) For deed of trust foreclosure, the referral to mediation may  
22 be made any time after a notice of default has been issued but no  
23 later than 90 days prior to the date of sale listed in the notice of  
24 trustee's sale. If an amended notice of trustee's sale is recorded  
25 after the trustee sale has been stayed pursuant to RCW 61.24.130, the  
26 borrower may be referred to mediation no later than 25 days prior to  
27 the date of sale listed in the amended notice of trustee's sale. If  
28 the borrower has failed to elect to mediate within the applicable  
29 time frame, the borrower and the beneficiary may, but are under no  
30 duty to, agree in writing to enter the foreclosure mediation program.

31 ~~((The mediation program under this section is not governed by chapter~~  
32 ~~7.07 RCW and does not preclude mediation required by a court or other~~  
33 ~~provision of law.~~

34 ~~(2))~~ (3) For association foreclosures, the referral to mediation  
35 may be made any time but no later than the date of sale specified in  
36 section 2(7) of this act. If the unit owner has failed to elect to  
37 mediate within the applicable time frame, the unit owner and the  
38 association may, but are under no duty to, agree in writing to enter  
39 the foreclosure mediation program.

1       (4) A housing counselor or attorney referring a borrower or unit  
2 owner to mediation shall send a notice to the borrower or unit owner  
3 and the department, stating that mediation is appropriate.

4       (~~(3)~~) (5) Within 10 days of receiving the notice, the  
5 department shall:

6       (a) Send a notice to the beneficiary or association, the borrower  
7 or unit owner, the housing counselor or attorney who referred the  
8 borrower, and the trustee stating that the parties have been referred  
9 to mediation. The notice must include the statements and list of  
10 documents and information described in subsections (~~(4)~~) (6) and  
11 (~~(5)~~) (7) of this section and a statement explaining each party's  
12 responsibility to pay the mediator's fee; and

13       (b) Select a mediator and notify the parties of the selection.

14       (~~(4) Within~~) (6) For deed of trust foreclosures:

15       (a) Within 23 days of the department's notice that the parties  
16 have been referred to mediation, the borrower shall transmit the  
17 documents required for mediation to the mediator and the beneficiary.  
18 The required documents include an initial homeowner financial  
19 information worksheet as required by the department. The worksheet  
20 must include, at a minimum, the following information:

21       (~~(a)~~) (i) The borrower's current and future income;

22       (~~(b)~~) (ii) Debts and obligations;

23       (~~(c)~~) (iii) Assets;

24       (~~(d)~~) (iv) Expenses;

25       (~~(e)~~) (v) Tax returns for the previous two years;

26       (~~(f)~~) (vi) Hardship information;

27       (~~(g)~~) (vii) Other applicable information commonly required by  
28 any applicable federal mortgage relief program.

29       (~~(5)~~) (b) Within 20 days of the beneficiary's receipt of the  
30 borrower's documents under this subsection, the beneficiary shall  
31 transmit the documents required for mediation to the mediator and the  
32 borrower. The required documents include:

33       (~~(a)~~) (i) An accurate statement containing the balance of the  
34 loan within 30 days of the date on which the beneficiary's documents  
35 are due to the parties;

36       (~~(b)~~) (ii) Copies of the note and deed of trust;

37       (~~(c)~~) (iii) Proof that the entity claiming to be the  
38 beneficiary is the owner of any promissory note or obligation secured  
39 by the deed of trust. Sufficient proof may be a copy of the  
40 declaration described in RCW 61.24.030(7)(a);

1       ~~((d))~~ (iv) The best estimate of any arrearage and an itemized  
2 statement of the arrearages;

3       ~~((e))~~ (v) An itemized list of the best estimate of fees and  
4 charges outstanding;

5       ~~((f))~~ (vi) The payment history and schedule for the preceding  
6 twelve months, or since default, whichever is longer, including a  
7 breakdown of all fees and charges claimed;

8       ~~((g))~~ (vii) All borrower-related and mortgage-related input  
9 data used in any net present values analysis. If no net present  
10 values analysis is required by the applicable federal mortgage relief  
11 program, then the input data required under the federal deposit  
12 insurance corporation and published in the federal deposit insurance  
13 corporation loan modification program guide, or if that calculation  
14 becomes unavailable, substantially similar input data as determined  
15 by the department;

16       ~~((h))~~ (viii) An explanation regarding any denial for a loan  
17 modification, forbearance, or other alternative to foreclosure in  
18 sufficient detail for a reasonable person to understand why the  
19 decision was made;

20       ~~((i))~~ (ix) Appraisal or other broker price opinion most  
21 recently relied upon by the beneficiary not more than 90 days old at  
22 the time of the scheduled mediation; and

23       ~~((j))~~ (x) The portion or excerpt of the pooling and servicing  
24 agreement or other investor restriction that prohibits the  
25 beneficiary from implementing a modification, if the beneficiary  
26 claims it cannot implement a modification due to limitations in a  
27 pooling and servicing agreement or other investor restriction, and  
28 documentation or a statement detailing the efforts of the beneficiary  
29 to obtain a waiver of the pooling and servicing agreement or other  
30 investor restriction provisions.

31       ~~((6))~~ (7) For association foreclosures:

32       (a) Within 23 days of the department's notice that the parties  
33 have been referred to mediation, the association shall transmit the  
34 documents required for mediation to the mediator and the unit owner.  
35 The required documents include:

36       (i) An itemized ledger for the preceding 12 months, or since the  
37 assessments became past due, whichever is longer. The ledger shall  
38 include an itemized list of all dues, fines, special assessments, and  
39 any other charges owed, with the date and amount for each item. The  
40 ledger should include the total balance owed at the time the ledger

1 is transmitted, accurate within 30 days of the date on which the  
2 association's documents are due to the parties;

3 (ii) Copy of all association liens placed against the property;

4 (iii) Copies of the current association declarations, bylaws, and  
5 any other governing documents for the association.

6 (b) Within 20 days of the unit owner's receipt of the  
7 association's documents, the unit owner shall transmit the documents  
8 required for mediation to the mediator and the association. The  
9 required documents include:

10 (i) Evidence of any unit owner payments to the association that  
11 are not reflected on the association ledger, if any;

12 (ii) Statement of hardship, if relevant;

13 (iii) If the unit owner is interested in a payment plan, a  
14 proposed schedule of payments to resolve the arrears.

15 (8) Within 70 days of receiving the referral from the department,  
16 the mediator shall convene a mediation session in the county where  
17 the property is located, unless the parties agree on another  
18 location. The parties may agree to extend the time in which to  
19 schedule the mediation session. If the parties agree to extend the  
20 time, the beneficiary or association shall notify the trustee, if  
21 applicable, of the extension and the date the mediator is expected to  
22 issue the mediator's certification.

23 ~~((7))~~ (9)(a) The mediator may schedule phone conferences,  
24 consultations with the parties individually, and other communications  
25 to ensure that the parties have all the necessary information and  
26 documents to engage in a productive mediation.

27 (b) The mediator must send written notice of the time, date, and  
28 location of the mediation session to the borrower or unit owner, the  
29 beneficiary or association, and the department at least 30 days prior  
30 to the mediation session. At a minimum, the notice must contain:

31 (i) A statement that the borrower or unit owner may be  
32 represented in the mediation session by an attorney or other  
33 advocate;

34 (ii) A statement that a person with authority to agree to a  
35 resolution, including a proposed settlement, loan modification,  
36 modification of obligations related to the payment of assessments, or  
37 dismissal or continuation of the foreclosure proceeding, must be  
38 present either in person or on the telephone or videoconference  
39 during the mediation session; and



1 (iii) A statement that the parties have a duty to mediate in good  
2 faith and that failure to mediate in good faith may impair the  
3 beneficiary's or association's ability to foreclose on the property  
4 or the borrower's or unit owner's ability to modify the loan, modify  
5 obligations relating to the payment of assessments, or take advantage  
6 of other alternatives to foreclosure.

7 (~~(8)~~) (10)(a) The borrower, the beneficiary or authorized  
8 agent, and the mediator must meet in person for the mediation  
9 session. In an association foreclosure the unit owner and association  
10 or authorized agent and the mediator are encouraged to meet in person  
11 for the mediation session, but may meet by telephone or  
12 videoconference. However, a person with authority to agree to a  
13 resolution on behalf of the beneficiary or association may be present  
14 over the telephone or videoconference during the mediation session.

15 (b) After the mediation session commences, the mediator may  
16 continue the mediation session once, and any further continuances  
17 must be with the consent of the parties.

18 (~~(9) The~~) (11) For deed of trust foreclosures, the participants  
19 in mediation must address the issues of foreclosure that may enable  
20 the borrower or unit owner and the beneficiary or association to  
21 reach a resolution, including but not limited to reinstatement,  
22 modification of the loan, restructuring of the debt, modification of  
23 a delinquent assessment, modification of late fees or charges  
24 associated with a delinquent assessment, or some other workout plan.  
25 To assist the parties in addressing issues of foreclosure, the  
26 mediator may require the participants to consider the following:

27 (a) The borrower's or unit owner's current and future economic  
28 circumstances, including the borrower's or unit owner's current and  
29 future income, debts, and obligations for the previous 60 days or  
30 greater time period as determined by the mediator;

31 (b) The net present value of receiving payments pursuant to a  
32 modified mortgage loan as compared to the anticipated net recovery  
33 following foreclosure;

34 (c) Any affordable loan modification calculation and net present  
35 value calculation when required under any federal mortgage relief  
36 program and any modification program related to loans insured by the  
37 federal housing administration, the veterans administration, and the  
38 rural housing service. If such a calculation is not provided or  
39 required, then the beneficiary must provide the net present value  
40 data inputs established by the federal deposit insurance corporation

1 and published in the federal deposit insurance corporation loan  
2 modification program guide or other net present value data inputs as  
3 designated by the department. The mediator may run the calculation in  
4 order for a productive mediation to occur and to comply with the  
5 mediator certification requirement; and

6 (d) Any other loss mitigation guidelines to loans insured by the  
7 federal housing administration, the veterans administration, and the  
8 rural housing service, if applicable.

9 ~~((10))~~ (12) For association foreclosures, the participants in  
10 mediation must address the issues which led to foreclosure that may  
11 enable the unit owner and the association to reach a resolution  
12 including, but not limited to, a delinquent assessment payment plan,  
13 waiver of association imposed late fees or attorney fees, or any  
14 other workout plan.

15 (13) A violation of the duty to mediate in good faith as required  
16 under this section may include:

17 (a) Failure to timely participate in mediation without good  
18 cause;

19 (b) Failure of the borrower ~~((or))~~, the unit owner, the  
20 beneficiary, or the association to provide the documentation required  
21 before mediation or pursuant to the mediator's instructions;

22 (c) Failure of a party to designate representatives with adequate  
23 authority to fully settle, compromise, or otherwise reach resolution  
24 with the borrower or unit owner in mediation; ~~((and))~~

25 (d) A request by a beneficiary that the borrower waive future  
26 claims he or she may have in connection with the deed of trust, as a  
27 condition of agreeing to a modification, except for rescission claims  
28 under the federal truth in lending act. Nothing in this section  
29 precludes a beneficiary or association from requesting that a  
30 borrower dismiss with prejudice any pending claims against the  
31 beneficiary, its agents, loan servicer, or trustee, arising from the  
32 underlying deed of trust, as a condition of modification; and

33 (e) A request by the association that the unit owner waive future  
34 claims against the association. Nothing in this section precludes an  
35 association from requesting that a unit owner dismiss any filed civil  
36 claims against the association related to the present delinquency.

37 ~~((11))~~ (14) If the mediator reasonably believes a borrower or  
38 unit owner will not attend a mediation session based on the  
39 borrower's or unit owner's conduct, such as the lack of response to  
40 the mediator's communications, the mediator may cancel a scheduled

1 mediation session and send a written cancellation to the department  
2 and the trustee and send copies to the parties. The beneficiary or  
3 association may proceed with the foreclosure after receipt of the  
4 mediator's written confirmation of cancellation.

5 ~~((12))~~ (15) Within seven business days after the conclusion of  
6 the mediation session, the mediator must send a written certification  
7 to the department and the trustee and send copies to the parties of:

8 (a) The date, time, and location of the mediation session;

9 (b) The names of all persons attending in person and by telephone  
10 or videoconference, at the mediation session;

11 (c) Whether a resolution was reached by the parties, including  
12 whether the default or delinquency was cured by reinstatement,  
13 modification, or restructuring of the debt, or repayment plan, or  
14 some other alternative to foreclosure was agreed upon by the parties;

15 (d) Whether the parties participated in the mediation in good  
16 faith; and

17 (e) ~~((11))~~ For deed of trust foreclosures, if a written agreement  
18 was not reached, a description of any net present value test used,  
19 along with a copy of the inputs, including the result of any net  
20 present value test expressed in a dollar amount.

21 ~~((13))~~ (16) If the parties are unable to reach an agreement,  
22 the beneficiary or association may proceed with the foreclosure after  
23 receipt of the mediator's written certification.

24 ~~((14))~~ (17) (a) The mediator's certification that the  
25 beneficiary or association failed to act in good faith in mediation  
26 constitutes a defense to the nonjudicial foreclosure action that was  
27 the basis for initiating the mediation. In any action to enjoin the  
28 foreclosure, the beneficiary or association is entitled to rebut the  
29 allegation that it failed to act in good faith.

30 (b) The mediator's certification that the beneficiary or  
31 association failed to act in good faith during mediation does not  
32 constitute a defense to a judicial foreclosure or a future  
33 nonjudicial foreclosure action if a modification of the loan or  
34 delinquent assessment payment plan is agreed upon and the borrower  
35 subsequently defaults or unit owner fails to pay assessments.

36 (c) If an affordable loan modification is not offered in the  
37 mediation or a written agreement was not reached and the mediator's  
38 certification shows that the net present value of the modified loan  
39 exceeds the anticipated net recovery at foreclosure, that showing in

1 the certification constitutes a basis for the borrower to enjoin the  
2 foreclosure.

3 ~~((15))~~ (18) The mediator's certification that the borrower or  
4 unit owner failed to act in good faith in mediation authorizes the  
5 beneficiary or association to proceed with the foreclosure.

6 ~~((16))~~ (19)(a) If a borrower or unit owner has been referred to  
7 mediation before a notice of trustee sale has been recorded, a  
8 trustee may not record the notice of sale until the trustee receives  
9 the mediator's certification stating that the mediation has been  
10 completed. If the trustee does not receive the mediator's  
11 certification, the trustee may record the notice of sale after 10  
12 days from the date the certification to the trustee was due. If,  
13 after a notice of sale is recorded under this subsection ~~((16))~~  
14 (19)(a), the mediator subsequently issues a certification finding  
15 that the beneficiary or association violated the duty of good faith,  
16 the certification constitutes a basis for the borrower or unit owner  
17 to enjoin the foreclosure.

18 (b) If a borrower or unit owner has been referred to mediation  
19 after the notice of sale was recorded, the sale may not occur until  
20 the trustee receives the mediator's certification stating that the  
21 mediation has been completed.

22 ~~((17))~~ (c) If a unit owner has been referred to mediation  
23 before the filing of a judicial foreclosure, the association may not  
24 file a complaint for judicial foreclosure until the association  
25 receives the mediator's certification stating that the mediation has  
26 been completed. If the association does not receive the mediator's  
27 certification, the association may file for judicial foreclosure  
28 after 10 days from the date the certification to the association was  
29 due.

30 (20) A mediator may charge reasonable fees as authorized by this  
31 subsection or as authorized by the department. Unless the fee is  
32 waived, the parties agree otherwise, or the department otherwise  
33 authorizes, a foreclosure mediator's fee may not exceed \$400 for  
34 preparing, scheduling, and conducting a mediation session lasting  
35 between one hour and three hours. For a mediation session exceeding  
36 three hours, the foreclosure mediator may charge a reasonable fee, as  
37 authorized by the department. The mediator must provide an estimated  
38 fee before the mediation, and payment of the mediator's fee must be  
39 divided equally between the beneficiary and the borrower, or between  
40 the association and the unit owner. The beneficiary and the borrower,

1 or the association and the unit owner, must tender the loan  
2 mediator's fee within 30 calendar days from receipt of the  
3 department's letter referring the parties to mediation or pursuant to  
4 the mediator's instructions.

5 ~~((18))~~ (21) For association foreclosures, the unit owner and  
6 the association shall be responsible for their own respective  
7 attorney fees, if any, incurred during mediation under this section.  
8 Legal representation is not required for either party participating  
9 in an association foreclosure mediation.

10 (22) Beginning December 1, 2012, and every year thereafter, the  
11 department shall report annually to the legislature on:

12 (a) The performance of the program, including the number ~~((s))~~ of  
13 borrowers who are referred to mediation by a housing counselor or  
14 attorney. Beginning December 1, 2026, the report must also include  
15 the number of unit owners who are referred to mediation by a housing  
16 counselor or attorney;

17 (b) The results of the mediation program, including the number of  
18 mediations requested by housing counselors and attorneys, the number  
19 of certifications of good faith issued, the number of borrowers and  
20 beneficiaries who failed to mediate in good faith, and the reasons  
21 for the failure to mediate in good faith, if known, the numbers of  
22 loans restructured or modified, the change in the borrower's monthly  
23 payment for principal and interest and the number of principal write-  
24 downs and interest rate reductions, and, to the extent practical, the  
25 number of borrowers who report a default within a year of  
26 restructuring or modification. Beginning December 1, 2026, the report  
27 must also include the number of unit owners and associations who  
28 failed to mediate in good faith, and the reasons for the failure to  
29 mediate in good faith, if known, the number of debts for delinquent  
30 assessments restructured or modified, the change in the unit owner's  
31 periodic assessment payments including any reductions in late charges  
32 or interest rates, and, to the extent practical, the number of unit  
33 owners who report a delinquency within a year of restructuring or  
34 modification;

35 (c) The information received by housing counselors regarding  
36 outcomes of foreclosures; and

37 (d) Any recommendations for changes to the statutes regarding the  
38 mediation program.

39 ~~((19))~~ (23) This section does not apply to certain federally  
40 insured depository institutions, as specified in RCW 61.24.166.

1       (24) The department shall create an online common interest  
2 communities resource center to distribute information to association  
3 members, managers, and boards of directors about programs and  
4 resources. The information shall be made available in language  
5 translations that the department provides in its other programs and  
6 when the information is requested verbally the department shall use a  
7 phone-based or other similar interpretive service. The information to  
8 be provided will include, but is not limited to, the following:

- 9       (a) The housing counseling program;  
10       (b) The meet and confer process;  
11       (c) The foreclosure mediation program;  
12       (d) Language translations of the notice of delinquency for past  
13 due assessments; and  
14       (e) Any other programs and resources that the department  
15 determines are relevant.

16       **Sec. 4.** RCW 61.24.165 and 2023 c 206 s 6 are each amended to  
17 read as follows:

18       (1) RCW 61.24.163 applies only to deeds of trust that are  
19 recorded against residential real property of up to four units.

20       (2) RCW 61.24.163 does not apply to deeds of trust:

- 21       (a) Securing a commercial loan;  
22       (b) Securing obligations of a grantor who is not the borrower or  
23 a guarantor;

24       (c) Securing a purchaser's obligations under a seller-financed  
25 sale; or

26       (d) Where the grantor is a partnership, corporation, or limited  
27 liability company, or where the property is vested in a partnership,  
28 corporation, or limited liability company at the time the notice of  
29 default is issued.

30       (3) RCW 61.24.163 does ~~((not))~~ apply to ~~((association~~  
31 ~~beneficiaries subject to chapter 64.32, 64.34, or 64.38 RCW.))~~  
32 associations seeking to foreclose liens or deficiencies via  
33 nonjudicial or judicial foreclosure.

34       (4) For purposes of referral and mediation under RCW 61.24.163, a  
35 person may be referred to mediation if the borrower or unit owner is  
36 deceased and the person is a successor in interest of the deceased  
37 borrower or unit owner. The referring counselor or attorney must  
38 determine a person's eligibility under this section and indicate the  
39 grounds for eligibility on the referral to mediation submitted to the

1 department. For the purposes of mediation under RCW 61.24.163, the  
2 person must be treated as a "borrower" or "unit owner." This  
3 subsection does not impose an affirmative duty on the beneficiary to  
4 accept an assumption of the loan.

5 (5) For purposes of referral and mediation under RCW 61.24.163, a  
6 person may be referred to mediation if the person has been awarded  
7 title to the property in a proceeding for dissolution or legal  
8 separation. The referring counselor or attorney must determine the  
9 person's eligibility under this section and indicate the grounds for  
10 eligibility on the referral to mediation submitted to the department.  
11 For the purposes of mediation under RCW 61.24.163, the person must be  
12 treated as a "borrower." This subsection does not impose an  
13 affirmative duty on the beneficiary to accept an assumption of the  
14 loan.

15 NEW SECTION. **Sec. 5.** A new section is added to chapter 61.24  
16 RCW to read as follows:

17 (1) A unit owner who is or may become delinquent to an  
18 association for an assessment charged may contact a housing counselor  
19 to receive housing counseling services.

20 (2) Housing counselors have a duty to act in good faith to assist  
21 unit owners by:

22 (a) Preparing the unit owner for meetings with the association;

23 (b) Advising the unit owner about what documents the unit owner  
24 must have to seek a modification or other resolution of an assessment  
25 charged or may be charged in the future by the association;

26 (c) Informing the unit owner about the alternatives to  
27 foreclosure, including modification or other possible resolutions of  
28 an assessment charged or may be charged in the future by the  
29 association; and

30 (d) Providing other guidance, advice, and education as the  
31 housing counselor considers necessary.

32 (3) Nothing in RCW 64.90.485 or this section precludes a meeting  
33 or negotiations between the housing counselor, unit owner, and the  
34 association at any time, including after the issuance of a notice of  
35 delinquency by the association for past due assessments to the unit  
36 owner by the association.

37 (4) A unit owner who seeks the assistance of a housing counselor  
38 may use the assistance of an attorney at any time.

1 (5) A housing counselor or attorney assisting a unit owner may  
2 refer the unit owner to mediation, pursuant to RCW 61.24.163. Prior  
3 to referring the unit owner to mediation, the housing counselor or  
4 attorney shall cause the unit owner and association to meet and  
5 confer over the assessment charged, and following this meet and  
6 confer shall determine whether mediation is appropriate based on the  
7 individual circumstances. The referral to mediation may be made at  
8 any time but no later than 90 days prior to the date of sale listed  
9 in a notice of trustee's sale provided to the unit owner. If an  
10 amended notice of trustee's sale is recorded after the trustee sale  
11 has been stayed pursuant to RCW 61.24.130, the unit owner may be  
12 referred to mediation no later than 25 days prior to the date of sale  
13 listed in the amended notice of trustee's sale.

14 (6) During the 30 day time period between the unit owner  
15 contacting the housing counselor and the meet and confer session with  
16 the association, the association is prohibited from charging to the  
17 unit owner any attorney fees the association may have incurred  
18 attempting to collect the past due assessment.

19 (7) The referral to mediation may be made at any time but no  
20 later than 90 days prior to the date of sale listed in a notice of  
21 trustee's sale provided to the unit owner. If an amended notice of  
22 trustee's sale is recorded after the trustee sale has been stayed  
23 pursuant to RCW 61.24.130, the unit owner may be referred to  
24 mediation no later than 25 days prior to the date of sale listed in  
25 the amended notice of trustee's sale.

26 (8) Housing counselors providing assistance to borrowers under  
27 this section are not liable for civil damages resulting from any acts  
28 or omissions in providing assistance, unless the acts or omissions  
29 constitute gross negligence or willful or wanton misconduct.

30 (9) Housing counselors shall provide information to the  
31 department to assist the department in its annual report to the  
32 legislature as required under RCW 61.24.163(22). The information  
33 provided to the department by the housing counselors should include  
34 outcomes of foreclosures and be similar to the information requested  
35 in the national foreclosure mortgage counseling client level  
36 foreclosure outcomes report form.

37 **Sec. 6.** RCW 61.24.165 and 2024 c 321 s 413 are each amended to  
38 read as follows:



1 (1) RCW 61.24.163 applies only to deeds of trust that are  
2 recorded against residential real property of up to four units.

3 (2) RCW 61.24.163 does not apply to deeds of trust:

4 (a) Securing a commercial loan;

5 (b) Securing obligations of a grantor who is not the borrower or  
6 a guarantor;

7 (c) Securing a purchaser's obligations under a seller-financed  
8 sale; or

9 (d) Where the grantor is a partnership, corporation, or limited  
10 liability company, or where the property is vested in a partnership,  
11 corporation, or limited liability company at the time the notice of  
12 default is issued.

13 (3) RCW 61.24.163 does ~~((not))~~ apply to ~~((association~~  
14 ~~beneficiaries subject to chapter 64.90 RCW.))~~ associations seeking to  
15 foreclose liens or deficiencies via nonjudicial or judicial  
16 foreclosure.

17 (4) For purposes of referral and mediation under RCW 61.24.163, a  
18 person may be referred to mediation if the borrower is deceased and  
19 the person is a successor in interest of the deceased borrower. The  
20 referring counselor or attorney must determine a person's eligibility  
21 under this section and indicate the grounds for eligibility on the  
22 referral to mediation submitted to the department. For the purposes  
23 of mediation under RCW 61.24.163, the person must be treated as a  
24 "borrower." This subsection does not impose an affirmative duty on  
25 the beneficiary to accept an assumption of the loan.

26 (5) For purposes of referral and mediation under RCW 61.24.163, a  
27 person may be referred to mediation if the person has been awarded  
28 title to the property in a proceeding for dissolution or legal  
29 separation. The referring counselor or attorney must determine the  
30 person's eligibility under this section and indicate the grounds for  
31 eligibility on the referral to mediation submitted to the department.  
32 For the purposes of mediation under RCW 61.24.163, the person must be  
33 treated as a "borrower." This subsection does not impose an  
34 affirmative duty on the beneficiary to accept an assumption of the  
35 loan.

36 **Sec. 7.** RCW 61.24.005 and 2021 c 151 s 2 are each amended to  
37 read as follows:

38 The definitions in this section apply throughout this chapter  
39 unless the context clearly requires otherwise.

1 (1) "Affiliate of beneficiary" means any entity which controls,  
2 is controlled by, or is under common control with a beneficiary.

3 (2) "Assessment" means all sums chargeable by the association  
4 against a unit, including any assessments levied for common expenses,  
5 finances or fees levied or imposed by the association pursuant to  
6 chapter 64.90 RCW or the governing documents, interest and late  
7 charges on any delinquent account, and all costs of collection  
8 incurred by the association in connection with the collection of a  
9 delinquent owner's account, including reasonable attorneys' fees.

10 (3) "Association" means an association subject to chapter 64.90  
11 RCW.

12 (4) "Beneficiary" means the holder of the instrument or document  
13 evidencing the obligations secured by the deed of trust, excluding  
14 persons holding the same as security for a different obligation.

15 ((+3)) (5) "Borrower" means a person or a general partner in a  
16 partnership, including a joint venture, that is liable for all or  
17 part of the obligations secured by the deed of trust under the  
18 instrument or other document that is the principal evidence of such  
19 obligations, or the person's successors if they are liable for those  
20 obligations under a written agreement with the beneficiary.

21 ((+4)) (6) "Commercial loan" means a loan that is not made  
22 primarily for personal, family, or household purposes.

23 ((+5)) (7) "Department" means the department of commerce or its  
24 designee.

25 ((+6)) (8) "Fair value" means the value of the property  
26 encumbered by a deed of trust that is sold pursuant to a trustee's  
27 sale. This value shall be determined by the court or other  
28 appropriate adjudicator by reference to the most probable price, as  
29 of the date of the trustee's sale, which would be paid in cash or  
30 other immediately available funds, after deduction of prior liens and  
31 encumbrances with interest to the date of the trustee's sale, for  
32 which the property would sell on such date after reasonable exposure  
33 in the market under conditions requisite to a fair sale, with the  
34 buyer and seller each acting prudently, knowledgeably, and for self-  
35 interest, and assuming that neither is under duress.

36 ((+7)) (9) "Grantor" means a person, or its successors, who  
37 executes a deed of trust to encumber the person's interest in  
38 property as security for the performance of all or part of the  
39 borrower's obligations.

1       ~~((8))~~ (10) "Guarantor" means any person and its successors who  
2 is not a borrower and who guarantees any of the obligations secured  
3 by a deed of trust in any written agreement other than the deed of  
4 trust.

5       ~~((9))~~ (11) "Housing counselor" means a housing counselor that  
6 has been approved by the United States department of housing and  
7 urban development or approved by the Washington state housing finance  
8 commission.

9       ~~((10))~~ (12) "Notice of delinquency" means a notice of  
10 delinquency as that phrase is used in chapter 64.90 RCW.

11       (13) "Owner-occupied" means property that is the principal  
12 residence of the borrower.

13       ~~((11))~~ (14) "Person" means any natural person, or legal or  
14 governmental entity.

15       ~~((12))~~ (15) "Record" and "recorded" includes the appropriate  
16 registration proceedings, in the instance of registered land.

17       ~~((13))~~ (16) "Residential real property" means property  
18 consisting solely of a single-family residence, a residential  
19 condominium unit, or a residential cooperative unit. For the purposes  
20 of the application of RCW 61.24.163, residential real property  
21 includes residential real property of up to four units.

22       ~~((14))~~ (17) "Senior beneficiary" means the beneficiary of a  
23 deed of trust that has priority over any other deeds of trust  
24 encumbering the same residential real property.

25       ~~((15))~~ (18) "Tenant-occupied property" means property  
26 consisting solely of residential real property that is the principal  
27 residence of a tenant subject to chapter 59.18 RCW or other building  
28 with four or fewer residential units that is the principal residence  
29 of a tenant subject to chapter 59.18 RCW.

30       ~~((16))~~ (19) "Trustee" means the person designated as the  
31 trustee in the deed of trust or appointed under RCW 61.24.010(2).

32       ~~((17))~~ (20) "Trustee's sale" means a nonjudicial sale under a  
33 deed of trust undertaken pursuant to this chapter.

34       (21) "Unit owner" means an owner of an apartment, unit, or lot in  
35 an association subject to chapter 64.90 RCW.

36       NEW SECTION.   **Sec. 8.** A new section is added to chapter 61.24  
37 RCW to read as follows:

38       For each residential mortgage loan originated, excepting only  
39 reverse mortgage loans issued to seniors over the age of 61, a

1 foreclosure prevention fee of \$80 shall be assessed and due and  
2 payable at the time of closing by the escrow agent or other  
3 settlement or closing agent processing the loan closing into the  
4 foreclosure fairness account created in RCW 61.24.172. This  
5 foreclosure prevention fee may be financed in the loan and paid from  
6 the loan proceeds or from any borrower cash contribution at the time  
7 of closing. The department may make policies and procedures related  
8 to the implementation, collection, remittance, and management of the  
9 fee and may enter into individualized agreements governing the  
10 efficient remittance of the fee.

11 **Sec. 9.** RCW 61.24.172 and 2021 c 151 s 9 are each amended to  
12 read as follows:

13 The foreclosure fairness account is created in the custody of the  
14 state treasurer. All receipts received under RCW 61.24.174, as it  
15 existed prior to July 1, 2016, 61.24.173, ~~((and))~~ 61.24.190, and  
16 section 8 of this act must be deposited into the account. Only the  
17 director of the department of commerce or the director's designee may  
18 authorize expenditures from the account. Funding to agencies and  
19 organizations under this section must be provided by the department  
20 through an interagency agreement or other applicable contract  
21 instrument. The account is subject to allotment procedures under  
22 chapter 43.88 RCW, but an appropriation is not required for  
23 expenditures. ~~((Biennial expenditures from the account must be used~~  
24 ~~as follows: Four hundred thousand dollars to fund the counselor~~  
25 ~~referral hotline.))~~ The ~~((remaining))~~ funds shall be distributed as  
26 follows: (1) ~~((Sixty-nine))~~ 50 percent for the purposes of providing  
27 housing counseling activities to benefit borrowers; (2) eight percent  
28 to the office of the attorney general to be used by the consumer  
29 protection division to enforce this chapter; (3) ~~((six))~~ 16.5 percent  
30 to the office of civil legal aid to be used for the purpose of  
31 contracting with qualified legal aid programs for legal  
32 representation of homeowners in matters relating to foreclosure; (4)  
33 15 percent to fund the foreclosure prevention hotline; (5) 0.5  
34 percent to fund outreach; and (6) 10 percent to the department to be  
35 used for implementation and operation of the foreclosure fairness  
36 act. Funds provided under ~~((this))~~ subsection (3) of this section  
37 must be used to supplement, not supplant, other federal, state, and  
38 local funds ~~((; and (4) seventeen percent to the department to be used~~  
39 ~~for implementation and operation of the foreclosure fairness act))~~.

1 The department shall enter into interagency agreements to  
2 contract with the Washington state housing finance commission and  
3 other appropriate entities to implement the foreclosure fairness act.

4 NEW SECTION. **Sec. 10.** A new section is added to chapter 61.24  
5 RCW to read as follows:

6 By December 31, 2025, the department shall provide a report to  
7 the senate housing committee on the number and amounts received from  
8 the notice of default fee remitted under RCW 61.24.190 and the  
9 foreclosure prevention fee remitted under section 8 of this act into  
10 the foreclosure fairness account authorized under RCW 61.24.172 for  
11 revenue collected from July 1, 2025, through November 30, 2025, and  
12 then post such information on the department website annually  
13 thereafter.

14 **Sec. 11.** RCW 64.32.200 and 2023 c 214 s 2 are each amended to  
15 read as follows:

16 (1) The declaration may provide for the collection of all sums  
17 assessed by the association of apartment owners for the share of the  
18 common expenses chargeable to any apartment and the collection may be  
19 enforced in any manner provided in the declaration including, but not  
20 limited to, (a) 10 days notice shall be given the delinquent  
21 apartment owner to the effect that unless such assessment is paid  
22 within 10 days any or all utility services will be forthwith severed  
23 and shall remain severed until such assessment is paid, or (b)  
24 collection of such assessment may be made by such lawful method of  
25 enforcement, judicial or extra-judicial, as may be provided in the  
26 declaration and/or bylaws.

27 (2) All sums assessed by the association of apartment owners but  
28 unpaid for the share of the common expenses chargeable to any  
29 apartment shall constitute a lien on such apartment prior to all  
30 other liens except only (a) tax liens on the apartment in favor of  
31 any assessing unit and/or special district, and (b) all sums unpaid  
32 on all mortgages of record. Such lien is not subject to the ban  
33 against execution or forced sales of homesteads under RCW 6.13.080  
34 and, subject to the provisions in subsection (5) of this section, may  
35 be foreclosed by suit by the manager or board of directors, acting on  
36 behalf of the apartment owners, in like manner as a mortgage of real  
37 property. In any such foreclosure the apartment owner shall be  
38 required to pay a reasonable rental for the apartment, if so provided

1 in the bylaws, and the plaintiff in such foreclosures shall be  
2 entitled to the appointment of a receiver to collect the same. The  
3 manager or board of directors, acting on behalf of the apartment  
4 owners, shall have power, unless prohibited by the declaration, to  
5 bid on the apartment at foreclosure sale, and to acquire and hold,  
6 lease, mortgage, and convey the same. Upon an express waiver in the  
7 complaint of any right to a deficiency judgment, the period of  
8 redemption shall be eight months after the sale. Suit to recover any  
9 judgment for any unpaid common expenses shall be maintainable without  
10 foreclosing or waiving the liens securing the same.

11 (3) Where the mortgagee of a mortgage of record or other  
12 purchaser of an apartment obtains possession of the apartment as a  
13 result of foreclosure of the mortgage, such possessor, his or her  
14 successors and assigns shall not be liable for the share of the  
15 common expenses or assessments by the association of apartment owners  
16 chargeable to such apartment which became due prior to such  
17 possession. Such unpaid share of common expenses of assessments shall  
18 be deemed to be common expenses collectible from all of the apartment  
19 owners including such possessor, his or her successors and assigns.

20 (4) (a) When the association, or the manager or board of directors  
21 on its behalf, mails to the apartment owner by first-class mail the  
22 first notice of delinquency for past due assessments to the apartment  
23 address and to any other address that the owner has provided to the  
24 association, the association shall include a first preforeclosure  
25 notice that states as follows:

26 **THIS IS A NOTICE OF DELINQUENCY FOR PAST DUE ASSESSMENTS**  
27 **FROM THE APARTMENT OWNERS' ASSOCIATION TO WHICH YOUR HOME BELONGS.**  
28 **THIS NOTICE IS ONE STEP IN A PROCESS THAT COULD RESULT IN YOUR LOSING**  
29 **YOUR HOME.**  
30 **CONTACT A HOUSING COUNSELOR OR AN ATTORNEY LICENSED IN WASHINGTON NOW**  
31 to assess your situation and refer you to mediation if you might  
32 benefit. **DO NOT DELAY.**  
33 **BE CAREFUL** of people who claim they can help you. There are many  
34 individuals and businesses that prey upon borrowers in distress.  
35 **REFER TO THE CONTACTS BELOW** for sources of assistance.

36 **SEEKING ASSISTANCE**

37 Housing counselors and legal assistance may be available at  
38 little or no cost to you. Housing counselors may assist you in  
39 meeting and conferring with your association to resolve the past due

1 assessments, and based on the circumstances refer you to the  
2 foreclosure mediation program. The meet and confer will be scheduled  
3 within 30 days of contacting the housing counselor. If you would like  
4 assistance in determining your rights and opportunities to keep your  
5 house, you may contact the following:

6 The statewide foreclosure hotline for assistance and referral to  
7 housing counselors recommended by the Housing Finance Commission

8 Telephone: . . . . . Website: . . . . .

9 The United States Department of Housing and Urban Development

10 Telephone: . . . . . Website: . . . . .

11 The statewide civil legal aid hotline for assistance and  
12 referrals to other housing counselors and attorneys

13 Telephone: . . . . . Website: . . . . .

14 The association shall obtain the toll-free numbers and website  
15 information from the department of commerce for inclusion in the  
16 notice.

17 (b) If, when a delinquent account is referred to an association's  
18 attorney, the first preforeclosure notice required under (a) of this  
19 subsection has not yet been mailed to the apartment owner, the  
20 association or the association's attorney shall mail the first  
21 preforeclosure notice to the apartment owner in order to satisfy the  
22 requirement in (a) of this subsection. The association should inform  
23 the delinquent apartment owner of the opportunity to contact a  
24 housing counselor as provided in this act prior to mailing the first  
25 preforeclosure notice.

26 (c) Mailing the first preforeclosure notice pursuant to (a) of  
27 this subsection does not satisfy the requirement in subsection (5)(b)  
28 of this section to mail a second preforeclosure notice at or after  
29 the date that assessments have become past due for at least 90 days.  
30 The second preforeclosure notice may not be mailed sooner than 60  
31 days after the first preforeclosure notice is mailed.

32 (5) An association, or the manager or board of directors on its  
33 behalf, may not commence an action to foreclose a lien on an  
34 apartment under this section unless:

35 (a) The apartment owner, at the time the action is commenced,  
36 owes at least a sum equal to the greater of:

37 (i) Three months or more of assessments, not including fines,  
38 late charges, interest, attorneys' fees, or costs incurred by the

1 association in connection with the collection of a delinquent owner's  
2 account; or

3 (ii) \$2,000 of assessments, not including fines, late charges,  
4 interest, attorneys' fees, or costs incurred by the association in  
5 connection with the collection of a delinquent owner's account;

6 (b) At or after the date that assessments have become past due  
7 for at least 90 days, but no sooner than 60 days after the first  
8 preforeclosure notice required in subsection (4)(a) of this section  
9 is mailed, the association has mailed, by first-class mail, to the  
10 owner, at the apartment address and to any other address which the  
11 owner has provided to the association, a second notice of  
12 delinquency, which must include a second preforeclosure notice that  
13 contains the same information as the first preforeclosure notice  
14 provided to the apartment owner pursuant to subsection (4)(a) of this  
15 section. The second preforeclosure notice may not be mailed sooner  
16 than 60 days after the first preforeclosure notice required in  
17 subsection (4)(a) of this section is mailed;

18 (c) At least 90 days have elapsed from the date the minimum  
19 amount required in (a) of this subsection has accrued; and

20 (d) The board approves commencement of a foreclosure action  
21 specifically against that apartment.

22 (6) Every aspect of a collection, foreclosure, sale, or other  
23 conveyance under this section, including the method, advertising,  
24 time, date, place, and terms, must be commercially reasonable.

25 **Sec. 12.** RCW 64.34.364 and 2023 c 214 s 4 are each amended to  
26 read as follows:

27 (1) The association has a lien on a unit for any unpaid  
28 assessments levied against a unit from the time the assessment is  
29 due.

30 (2) A lien under this section shall be prior to all other liens  
31 and encumbrances on a unit except: (a) Liens and encumbrances  
32 recorded before the recording of the declaration; (b) a mortgage on  
33 the unit recorded before the date on which the assessment sought to  
34 be enforced became delinquent; and (c) liens for real property taxes  
35 and other governmental assessments or charges against the unit. A  
36 lien under this section is not subject to the provisions of chapter  
37 6.13 RCW.

38 (3) Except as provided in subsections (4) and (5) of this  
39 section, the lien shall also be prior to the mortgages described in



1 subsection (2)(b) of this section to the extent of assessments for  
2 common expenses, excluding any amounts for capital improvements,  
3 based on the periodic budget adopted by the association pursuant to  
4 RCW 64.34.360(1) which would have become due during the six months  
5 immediately preceding the date of a sheriff's sale in an action for  
6 judicial foreclosure by either the association or a mortgagee, the  
7 date of a trustee's sale in a nonjudicial foreclosure by a mortgagee,  
8 or the date of recording of the declaration of forfeiture in a  
9 proceeding by the vendor under a real estate contract.

10 (4) The priority of the association's lien against units  
11 encumbered by a mortgage held by an eligible mortgagee or by a  
12 mortgagee which has given the association a written request for a  
13 notice of delinquent assessments shall be reduced by up to three  
14 months if and to the extent that the lien priority under subsection  
15 (3) of this section includes delinquencies which relate to a period  
16 after such holder becomes an eligible mortgagee or has given such  
17 notice and before the association gives the holder a written notice  
18 of the delinquency. This subsection does not affect the priority of  
19 mechanics' or material suppliers' liens, or the priority of liens for  
20 other assessments made by the association.

21 (5) If the association forecloses its lien under this section  
22 nonjudicially pursuant to chapter 61.24 RCW, as provided by  
23 subsection (9) of this section, the association shall not be entitled  
24 to the lien priority provided for under subsection (3) of this  
25 section.

26 (6) Unless the declaration otherwise provides, if two or more  
27 associations have liens for assessments created at any time on the  
28 same real estate, those liens have equal priority.

29 (7) Recording of the declaration constitutes record notice and  
30 perfection of the lien for assessments. While no further recording of  
31 any claim of lien for assessment under this section shall be required  
32 to perfect the association's lien, the association may record a  
33 notice of claim of lien for assessments under this section in the  
34 real property records of any county in which the condominium is  
35 located. Such recording shall not constitute the written notice of  
36 delinquency to a mortgagee referred to in subsection (2) of this  
37 section.

38 (8) A lien for unpaid assessments and the personal liability for  
39 payment of assessments is extinguished unless proceedings to enforce

1 the lien or collect the debt are instituted within three years after  
2 the amount of the assessments sought to be recovered becomes due.

3 (9) The lien arising under this section may be enforced  
4 judicially by the association or its authorized representative in the  
5 manner set forth in chapter 61.12 RCW. The lien arising under this  
6 section may be enforced nonjudicially in the manner set forth in  
7 chapter 61.24 RCW for nonjudicial foreclosure of deeds of trust if  
8 the declaration (a) contains a grant of the condominium in trust to a  
9 trustee qualified under RCW 61.24.010 to secure the obligations of  
10 the unit owners to the association for the payment of assessments,  
11 (b) contains a power of sale, (c) provides in its terms that the  
12 units are not used principally for agricultural or farming purposes,  
13 and (d) provides that the power of sale is operative in the case of a  
14 default in the obligation to pay assessments. The association or its  
15 authorized representative shall have the power, unless prohibited by  
16 the declaration, to purchase the unit at the foreclosure sale and to  
17 acquire, hold, lease, mortgage, or convey the same. Upon an express  
18 waiver in the complaint of any right to a deficiency judgment in a  
19 judicial foreclosure action, the period of redemption shall be eight  
20 months. Nothing in this section shall prohibit an association from  
21 taking a deed in lieu of foreclosure.

22 (10) From the time of commencement of an action by the  
23 association to foreclose a lien for nonpayment of delinquent  
24 assessments against a unit that is not occupied by the owner thereof,  
25 the association shall be entitled to the appointment of a receiver to  
26 collect from the lessee thereof the rent for the unit as and when  
27 due. If the rental is not paid, the receiver may obtain possession of  
28 the unit, refurbish it for rental up to a reasonable standard for  
29 rental units in this type of condominium, rent the unit or permit its  
30 rental to others, and apply the rents first to the cost of the  
31 receivership and attorneys' fees thereof, then to the cost of  
32 refurbishing the unit, then to applicable charges, then to costs,  
33 fees, and charges of the foreclosure action, and then to the payment  
34 of the delinquent assessments. Only a receiver may take possession  
35 and collect rents under this subsection, and a receiver shall not be  
36 appointed less than 90 days after the delinquency. The exercise by  
37 the association of the foregoing rights shall not affect the priority  
38 of preexisting liens on the unit.

39 (11) Except as provided in subsection (3) of this section, the  
40 holder of a mortgage or other purchaser of a unit who obtains the

1 right of possession of the unit through foreclosure shall not be  
2 liable for assessments or installments thereof that became due prior  
3 to such right of possession. Such unpaid assessments shall be deemed  
4 to be common expenses collectible from all the unit owners, including  
5 such mortgagee or other purchaser of the unit. Foreclosure of a  
6 mortgage does not relieve the prior owner of personal liability for  
7 assessments accruing against the unit prior to the date of such sale  
8 as provided in this subsection.

9 (12) In addition to constituting a lien on the unit, each  
10 assessment shall be the joint and several obligation of the owner or  
11 owners of the unit to which the same are assessed as of the time the  
12 assessment is due. In a voluntary conveyance, the grantee of a unit  
13 shall be jointly and severally liable with the grantor for all unpaid  
14 assessments against the grantor up to the time of the grantor's  
15 conveyance, without prejudice to the grantee's right to recover from  
16 the grantor the amounts paid by the grantee therefor. Suit to recover  
17 a personal judgment for any delinquent assessment shall be  
18 maintainable in any court of competent jurisdiction without  
19 foreclosing or waiving the lien securing such sums.

20 (13) The association may from time to time establish reasonable  
21 late charges and a rate of interest to be charged on all subsequent  
22 delinquent assessments or installments thereof. In the absence of  
23 another established nonusurious rate, delinquent assessments shall  
24 bear interest from the date of delinquency at the maximum rate  
25 permitted under RCW 19.52.020 on the date on which the assessments  
26 became delinquent.

27 (14) The association shall be entitled to recover any costs and  
28 reasonable attorneys' fees incurred in connection with the collection  
29 of delinquent assessments, whether or not such collection activities  
30 result in suit being commenced or prosecuted to judgment. In  
31 addition, the association shall be entitled to recover costs and  
32 reasonable attorneys' fees if it prevails on appeal and in the  
33 enforcement of a judgment.

34 (15) The association upon written request shall furnish to a unit  
35 owner or a mortgagee a statement signed by an officer or authorized  
36 agent of the association setting forth the amount of unpaid  
37 assessments against that unit. The statement shall be furnished  
38 within fifteen days after receipt of the request and is binding on  
39 the association, the board of directors, and every unit owner, unless  
40 and to the extent known by the recipient to be false.

1 (16) To the extent not inconsistent with this section, the  
2 declaration may provide for such additional remedies for collection  
3 of assessments as may be permitted by law.

4 (17)(a) When the association mails to the unit owner by first-  
5 class mail the first notice of delinquency for past due assessments  
6 to the unit address and to any other address that the owner has  
7 provided to the association, the association shall include a first  
8 preforeclosure notice that states as follows:

9 **THIS IS A NOTICE OF DELINQUENCY FOR PAST DUE ASSESSMENTS**  
10 **FROM THE UNIT OWNERS' ASSOCIATION TO WHICH YOUR HOME BELONGS.**  
11 **THIS NOTICE IS ONE STEP IN A PROCESS THAT COULD RESULT IN YOUR LOSING**  
12 **YOUR HOME.**  
13 **CONTACT A HOUSING COUNSELOR OR AN ATTORNEY LICENSED IN WASHINGTON NOW**  
14 **to assess your situation and refer you to mediation if you might**  
15 **benefit. DO NOT DELAY.**  
16 **BE CAREFUL** of people who claim they can help you. There are many  
17 individuals and businesses that prey upon borrowers in distress.  
18 **REFER TO THE CONTACTS BELOW** for sources of assistance.

19 **SEEKING ASSISTANCE**

20 Housing counselors and legal assistance may be available at  
21 little or no cost to you. Housing counselors may assist you in  
22 meeting and conferring with your association to resolve the past due  
23 assessments, and based on the circumstances refer you to the  
24 foreclosure mediation program. The meet and confer will be scheduled  
25 within 30 days of contacting the housing counselor. If you would like  
26 assistance in determining your rights and opportunities to keep your  
27 house, you may contact the following:

28 The statewide foreclosure hotline for assistance and referral to  
29 housing counselors recommended by the Housing Finance Commission

30 Telephone: . . . . . Website: . . . . .

31 The United States Department of Housing and Urban Development

32 Telephone: . . . . . Website: . . . . .

33 The statewide civil legal aid hotline for assistance and  
34 referrals to other housing counselors and attorneys

35 Telephone: . . . . . Website: . . . . .

36 The association shall obtain the toll-free numbers and website  
37 information from the department of commerce for inclusion in the  
38 notice.

1 (b) If, when a delinquent account is referred to an association's  
2 attorney, the first preforeclosure notice required under (a) of this  
3 subsection has not yet been mailed to the unit owner, the association  
4 or the association's attorney shall mail the first preforeclosure  
5 notice to the unit owner in order to satisfy the requirement in (a)  
6 of this subsection. The association should inform the delinquent  
7 apartment owner of the opportunity to contact a housing counselor as  
8 provided in this act prior to mailing the first preforeclosure  
9 notice.

10 (c) Mailing the first preforeclosure notice pursuant to (a) of  
11 this subsection does not satisfy the requirement in subsection  
12 (18)(b) of this section to mail a second preforeclosure notice at or  
13 after the date that assessments have become past due for at least 90  
14 days. The second preforeclosure notice may not be mailed sooner than  
15 60 days after the first preforeclosure notice is mailed.

16 (18) An association may not commence an action to foreclose a  
17 lien on a unit under this section unless:

18 (a) The unit owner, at the time the action is commenced, owes at  
19 least a sum equal to the greater of:

20 (i) Three months or more of assessments, not including fines,  
21 late charges, interest, attorneys' fees, or costs incurred by the  
22 association in connection with the collection of a delinquent owner's  
23 account; or

24 (ii) \$2,000 of assessments, not including fines, late charges,  
25 interest, attorneys' fees, or costs incurred by the association in  
26 connection with the collection of a delinquent owner's account;

27 (b) At or after the date that assessments have become past due  
28 for at least 90 days, but no sooner than 60 days after the first  
29 preforeclosure notice required in subsection (17)(a) of this section  
30 is mailed, the association has mailed, by first-class mail, to the  
31 owner, at the unit address and to any other address which the owner  
32 has provided to the association, a second notice of delinquency,  
33 which must include a second preforeclosure notice that contains the  
34 same information as the first preforeclosure notice provided to the  
35 unit owner pursuant to subsection (17)(a) of this section. The second  
36 preforeclosure notice may not be mailed sooner than 60 days after the  
37 first preforeclosure notice required in subsection (17)(a) of this  
38 section is mailed;

39 (c) At least 90 days have elapsed from the date the minimum  
40 amount required in (a) of this subsection has accrued; and

1 (d) The board approves commencement of a foreclosure action  
2 specifically against that unit.

3 (19) Every aspect of a collection, foreclosure, sale, or other  
4 conveyance under this section, including the method, advertising,  
5 time, date, place, and terms, must be commercially reasonable.

6 **Sec. 13.** RCW 64.38.100 and 2023 c 214 s 6 are each amended to  
7 read as follows:

8 (1)(a) If the governing documents of an association provide for a  
9 lien on the lot of any owner for unpaid assessments, the association  
10 shall include the following first preforeclosure notice when mailing  
11 to the lot owner by first-class mail the first notice of delinquency  
12 to the lot address and to any other address that the owner has  
13 provided to the association:

14 **THIS IS A NOTICE OF DELINQUENCY FOR PAST DUE ASSESSMENTS**  
15 **FROM THE HOMEOWNERS' ASSOCIATION TO WHICH YOUR HOME BELONGS.**  
16 **THIS NOTICE IS ONE STEP IN A PROCESS THAT COULD RESULT IN YOUR LOSING**  
17 **YOUR HOME.**  
18 **CONTACT A HOUSING COUNSELOR OR AN ATTORNEY LICENSED IN WASHINGTON NOW**  
19 **to assess your situation and refer you to mediation if you might**  
20 **benefit. DO NOT DELAY.**  
21 **BE CAREFUL** of people who claim they can help you. There are many  
22 individuals and businesses that prey upon borrowers in distress.  
23 **REFER TO THE CONTACTS BELOW** for sources of assistance.

24 **SEEKING ASSISTANCE**

25 Housing counselors and legal assistance may be available at  
26 little or no cost to you. Housing counselors may assist you in  
27 meeting and conferring with your association to resolve the past due  
28 assessments, and based on the circumstances refer you to the  
29 foreclosure mediation program. The meet and confer will be scheduled  
30 within 30 days of contacting the housing counselor. If you would like  
31 assistance in determining your rights and opportunities to keep your  
32 house, you may contact the following:

33 The statewide foreclosure hotline for assistance and referral to  
34 housing counselors recommended by the Housing Finance Commission

35 Telephone: . . . . . Website: . . . . .

36 The United States Department of Housing and Urban Development

37 Telephone: . . . . . Website: . . . . .

1 The statewide civil legal aid hotline for assistance and  
2 referrals to other housing counselors and attorneys

3 Telephone: . . . . . Website: . . . . .

4 The association shall obtain the toll-free numbers and website  
5 information from the department of commerce for inclusion in the  
6 notice.

7 (b) If, when a delinquent account is referred to an association's  
8 attorney, the first preforeclosure notice required under (a) of this  
9 subsection has not yet been mailed to the lot owner, the association  
10 or the association's attorney shall mail the first preforeclosure  
11 notice to the lot owner in order to satisfy the requirement in (a) of  
12 this subsection. The association should inform the delinquent  
13 apartment owner of the opportunity to contact a housing counselor as  
14 provided in this act prior to mailing the first preforeclosure  
15 notice.

16 (c) Mailing the first preforeclosure notice pursuant to (a) of  
17 this subsection does not satisfy the requirement in subsection (2)(b)  
18 of this section to mail a second preforeclosure notice at or after  
19 the date that assessments have become past due for at least 90 days.  
20 The second preforeclosure notice may not be mailed sooner than 60  
21 days after the first preforeclosure notice is mailed.

22 (2) If the governing documents of an association provide for a  
23 lien on the lot of any owner for unpaid assessments, the association  
24 may not commence an action to foreclose the lien unless:

25 (a) The lot owner, at the time the action is commenced, owes at  
26 least a sum equal to the greater of:

27 (i) Three months or more of assessments, not including fines,  
28 late charges, interest, attorneys' fees, or costs incurred by the  
29 association in connection with the collection of a delinquent owner's  
30 account; or

31 (ii) \$2,000 of assessments, not including fines, late charges,  
32 interest, attorneys' fees, or costs incurred by the association in  
33 connection with the collection of a delinquent owner's account;

34 (b) At or after the date that assessments have become past due  
35 for at least 90 days, but no sooner than 60 days after the first  
36 preforeclosure notice required in subsection (1)(a) of this section  
37 is mailed, the association has mailed, by first-class mail, to the  
38 owner, at the lot address and to any other address which the owner  
39 has provided to the association, a second notice of delinquency,

1 which must include a second preforeclosure notice that contains the  
2 same information as the first preforeclosure notice provided to the  
3 lot owner pursuant to subsection (1)(a) of this section. The second  
4 preforeclosure notice may not be mailed sooner than 60 days after the  
5 first preforeclosure notice required in subsection (1)(a) of this  
6 section is mailed;

7 (c) At least 90 days have elapsed from the date the minimum  
8 amount required in (a) of this subsection has accrued; and

9 (d) The board approves commencement of a foreclosure action  
10 specifically against that lot.

11 (3) Every aspect of a collection, foreclosure, sale, or other  
12 conveyance under this section, including the method, advertising,  
13 time, date, place, and terms, must be commercially reasonable.

14 **Sec. 14.** RCW 64.90.485 and 2024 c 321 s 319 are each amended to  
15 read as follows:

16 (1) The association has a statutory lien on each unit for any  
17 unpaid assessment against the unit from the time such assessment is  
18 due.

19 (2) A lien under this section has priority over all other liens  
20 and encumbrances on a unit except:

21 (a) Liens and encumbrances recorded before the recordation of the  
22 declaration and, in a cooperative, liens and encumbrances that the  
23 association creates, assumes, or takes subject to;

24 (b) Except as otherwise provided in subsection (3) of this  
25 section, a security interest on the unit recorded before the date on  
26 which the unpaid assessment became due or, in a cooperative, a  
27 security interest encumbering only the unit owner's interest and  
28 perfected before the date on which the unpaid assessment became due;  
29 and

30 (c) Liens for real estate taxes and other state or local  
31 governmental assessments or charges against the unit or cooperative.

32 (3)(a) A lien under this section also has priority over the  
33 security interests described in subsection (2)(b) of this section to  
34 the extent of an amount equal to the following:

35 (i) The common expense assessments, excluding any amounts for  
36 capital improvements, based on the periodic budget adopted by the  
37 association pursuant to RCW 64.90.480(1), along with any specially  
38 allocated assessments that are properly assessable against the unit  
39 under such periodic budget, which would have become due in the



1 absence of acceleration during the six months immediately preceding  
2 the institution of proceedings to foreclose either the association's  
3 lien or a security interest described in subsection (2)(b) of this  
4 section;

5 (ii) The association's actual costs and reasonable attorneys'  
6 fees incurred in foreclosing its lien but incurred after the giving  
7 of the notice described in (a)(iii) of this subsection; provided,  
8 however, that the costs and reasonable attorneys' fees that will have  
9 priority under this subsection (3)(a)(ii) shall not exceed \$2,000 or  
10 an amount equal to the amounts described in (a)(i) of this  
11 subsection, whichever is less;

12 (iii) The amounts described in (a)(ii) of this subsection shall  
13 be prior only to the security interest of the holder of a security  
14 interest on the unit recorded before the date on which the unpaid  
15 assessment became due and only if the association has given that  
16 holder not less than 60 days' prior written notice that the owner of  
17 the unit is in default in payment of an assessment. The notice shall  
18 contain:

19 (A) Name of the borrower;

20 (B) Recording date of the trust deed or mortgage;

21 (C) Recording information;

22 (D) Name of condominium, unit owner, and unit designation stated  
23 in the declaration or applicable supplemental declaration;

24 (E) Amount of unpaid assessment; and

25 (F) A statement that failure to, within 60 days of the written  
26 notice, submit the association payment of six months of assessments  
27 as described in (a)(i) of this subsection will result in the priority  
28 of the amounts described in (a)(ii) of this subsection; and

29 (iv) Upon payment of the amounts described in (a)(i) and (ii) of  
30 this subsection by the holder of a security interest, the  
31 association's lien described in this subsection (3)(a) shall  
32 thereafter be fully subordinated to the lien of such holder's  
33 security interest on the unit.

34 (b) For the purposes of this subsection:

35 (i) "Institution of proceedings" means either:

36 (A) The date of recording of a notice of trustee's sale by a deed  
37 of trust beneficiary;

38 (B) The date of commencement, pursuant to applicable court rules,  
39 of an action for judicial foreclosure either by the association or by  
40 the holder of a recorded security interest; or

1 (C) The date of recording of a notice of intention to forfeit in  
2 a real estate contract forfeiture proceeding by the vendor under a  
3 real estate contract.

4 (ii) "Capital improvements" does not include making, in the  
5 ordinary course of management, repairs to common elements or  
6 replacements of the common elements with substantially similar items,  
7 subject to: (A) Availability of materials and products, (B)  
8 prevailing law, or (C) sound engineering and construction standards  
9 then prevailing.

10 (c) The adoption of a periodic budget that purports to allocate  
11 to a unit any fines, late charges, interest, attorneys' fees and  
12 costs incurred for services unrelated to the foreclosure of the  
13 association's lien, other collection charges, or specially allocated  
14 assessments assessed under RCW 64.90.480 (6) or (7) does not cause  
15 any such items to be included in the priority amount affecting such  
16 unit.

17 (4) Subsections (2) and (3) of this section do not affect the  
18 priority of mechanics' or material suppliers' liens to the extent  
19 that law of this state other than chapter 277, Laws of 2018 gives  
20 priority to such liens, or the priority of liens for other  
21 assessments made by the association.

22 (5) A lien under this section is not subject to chapter 6.13 RCW.

23 (6) If the association forecloses its lien under this section  
24 nonjudicially pursuant to chapter 61.24 RCW, as provided under  
25 subsection (13) of this section, the association is not entitled to  
26 the lien priority provided for under subsection (3) of this section,  
27 and is subject to the limitations on deficiency judgments as provided  
28 in chapter 61.24 RCW.

29 (7) Unless the declaration provides otherwise, if two or more  
30 associations have liens for assessments created at any time on the  
31 same property, those liens have equal priority as to each other, and  
32 any foreclosure of one such lien shall not affect the lien of the  
33 other.

34 (8) Recording of the declaration constitutes record notice and  
35 perfection of the statutory lien created under this section. Further  
36 notice or recordation of any claim of lien for assessment under this  
37 section is not required, but is not prohibited.

38 (9) A lien for unpaid assessments and the personal liability for  
39 payment of those assessments are extinguished unless proceedings to  
40 enforce the lien or collect the debt are instituted within six years

1 after the full amount of the assessments sought to be recovered  
2 becomes due.

3 (10) This section does not prohibit actions against unit owners  
4 to recover sums for which subsection (1) of this section creates a  
5 lien or prohibit an association from taking a deed in lieu of  
6 foreclosure.

7 (11) The association upon written request must furnish to a unit  
8 owner or a mortgagee a statement signed by an officer or authorized  
9 agent of the association setting forth the amount of unpaid  
10 assessments or the priority amount against that unit, or both. The  
11 statement must be furnished within 15 days after receipt of the  
12 request and is binding on the association, the board, and every unit  
13 owner unless, and to the extent, known by the recipient to be false.  
14 The liability of a recipient who reasonably relies upon the statement  
15 must not exceed the amount set forth in any statement furnished  
16 pursuant to this section or RCW 64.90.640(1)(b).

17 (12) In a cooperative, upon nonpayment of an assessment on a  
18 unit, the unit owner may be evicted in the same manner as provided by  
19 law in the case of an unlawful holdover by a commercial tenant, and  
20 the lien may be foreclosed as provided under this section.

21 (13) The association's lien may be foreclosed in accordance with  
22 (a) and (b) of this subsection.

23 (a) In a common interest community other than a cooperative, the  
24 association's lien may be foreclosed judicially in accordance with  
25 chapter 61.12 RCW, subject to any rights of redemption under chapter  
26 6.23 RCW.

27 (b) The lien may be enforced nonjudicially in the manner set  
28 forth in chapter 61.24 RCW for nonjudicial foreclosure of deeds of  
29 trust if the declaration: Contains a grant of the common interest  
30 community in trust to a trustee qualified under RCW 61.24.010 to  
31 secure the obligations of the unit owners to the association for the  
32 payment of assessments, contains a power of sale, provides in its  
33 terms that the units are not used principally for agricultural  
34 purposes, and provides that the power of sale is operative in the  
35 case of a default in the obligation to pay assessments. The  
36 association or its authorized representative may purchase the unit at  
37 the foreclosure sale and acquire, hold, lease, mortgage, or convey  
38 the unit. Upon an express waiver in the complaint of any right to a  
39 deficiency judgment in a judicial foreclosure action, the period of  
40 redemption is eight months.

1 (c) In a cooperative in which the unit owners' interests in the  
2 units are real estate, the association's lien must be foreclosed in  
3 like manner as a mortgage on real estate or by power of sale under  
4 (b) of this subsection.

5 (d) In a cooperative in which the unit owners' interests in the  
6 units are personal property, the association's lien must be  
7 foreclosed in like manner as a security interest under chapter 62A.9A  
8 RCW.

9 (e) No member of the association's board, or their immediate  
10 family members or affiliates, are eligible to bid for or purchase,  
11 directly or indirectly, any interest in a unit at a foreclosure of  
12 the association's lien. For the purposes of this subsection,  
13 "immediate family member" includes spouses, domestic partners,  
14 children, siblings, parents, parents-in-law, and stepfamily members;  
15 and "affiliate" of a board member includes any person controlled by  
16 the board member, including any entity in which the board member is a  
17 general partner, managing member, majority member, officer, or  
18 director. Nothing in this subsection prohibits an association from  
19 bidding for or purchasing interest in a unit at a foreclosure of the  
20 association's lien.

21 (14) If the unit owner's interest in a unit in a cooperative is  
22 real estate, the following requirements apply:

23 (a) The association, upon nonpayment of assessments and  
24 compliance with this subsection, may sell that unit at a public sale  
25 or by private negotiation, and at any time and place. The association  
26 must give to the unit owner and any lessee of the unit owner  
27 reasonable notice in a record of the time, date, and place of any  
28 public sale or, if a private sale is intended, of the intention of  
29 entering into a contract to sell and of the time and date after which  
30 a private conveyance may be made. Such notice must also be sent to  
31 any other person that has a recorded interest in the unit that would  
32 be cut off by the sale, but only if the recorded interest was on  
33 record seven weeks before the date specified in the notice as the  
34 date of any public sale or seven weeks before the date specified in  
35 the notice as the date after which a private sale may be made. The  
36 notices required under this subsection may be sent to any address  
37 reasonable in the circumstances. A sale may not be held until five  
38 weeks after the sending of the notice. The association may buy at any  
39 public sale and, if the sale is conducted by a fiduciary or other  
40 person not related to the association, at a private sale.

1 (b) Unless otherwise agreed to or as stated in this section, the  
2 unit owner is liable for any deficiency in a foreclosure sale.

3 (c) The proceeds of a foreclosure sale must be applied in the  
4 following order:

5 (i) The reasonable expenses of sale;

6 (ii) The reasonable expenses of securing possession before sale;  
7 the reasonable expenses of holding, maintaining, and preparing the  
8 unit for sale, including payment of taxes and other governmental  
9 charges and premiums on insurance; and, to the extent provided for by  
10 agreement between the association and the unit owner, reasonable  
11 attorneys' fees, costs, and other legal expenses incurred by the  
12 association;

13 (iii) Satisfaction of the association's lien;

14 (iv) Satisfaction in the order of priority of any subordinate  
15 claim of record; and

16 (v) Remittance of any excess to the unit owner.

17 (d) A good-faith purchaser for value acquires the unit free of  
18 the association's debt that gave rise to the lien under which the  
19 foreclosure sale occurred and any subordinate interest, even though  
20 the association or other person conducting the sale failed to comply  
21 with this section. The person conducting the sale must execute a  
22 conveyance to the purchaser sufficient to convey the unit and stating  
23 that it is executed by the person after a foreclosure of the  
24 association's lien by power of sale and that the person was empowered  
25 to make the sale. Signature and title or authority of the person  
26 signing the conveyance as grantor and a recital of the facts of  
27 nonpayment of the assessment and of the giving of the notices  
28 required under this subsection are sufficient proof of the facts  
29 recited and of the authority to sign. Further proof of authority is  
30 not required even though the association is named as grantee in the  
31 conveyance.

32 (e) At any time before the association has conveyed a unit in a  
33 cooperative or entered into a contract for its conveyance under the  
34 power of sale, the unit owners or the holder of any subordinate  
35 security interest may cure the unit owner's default and prevent sale  
36 or other conveyance by tendering the performance due under the  
37 security agreement, including any amounts due because of exercise of  
38 a right to accelerate, plus the reasonable expenses of proceeding to  
39 foreclosure incurred to the time of tender, including reasonable  
40 attorneys' fees and costs of the creditor.

1 (15) In an action by an association to collect assessments or to  
2 foreclose a lien on a unit under this section, the court may appoint  
3 a receiver to collect all sums alleged to be due and owing to a unit  
4 owner before commencement or during pendency of the action. The  
5 receivership is governed under chapter 7.60 RCW. During pendency of  
6 the action, the court may order the receiver to pay sums held by the  
7 receiver to the association for any assessments against the unit. The  
8 exercise of rights under this subsection by the association does not  
9 affect the priority of preexisting liens on the unit.

10 (16) Except as provided in subsection (3) of this section, the  
11 holder of a mortgage or other purchaser of a unit who obtains the  
12 right of possession of the unit through foreclosure is not liable for  
13 assessments or installments of assessments that became due prior to  
14 such right of possession. Such unpaid assessments are deemed to be  
15 common expenses collectible from all the unit owners, including such  
16 mortgagee or other purchaser of the unit. Foreclosure of a mortgage  
17 does not relieve the prior unit owner of personal liability for  
18 assessments accruing against the unit prior to the date of such sale  
19 as provided in this subsection.

20 (17) In addition to constituting a lien on the unit, each  
21 assessment is the joint and several obligation of the unit owner of  
22 the unit to which the same are assessed as of the time the assessment  
23 is due. A unit owner may not exempt himself or herself from liability  
24 for assessments. In a voluntary conveyance other than by foreclosure,  
25 the grantee of a unit is jointly and severally liable with the  
26 grantor for all unpaid assessments against the grantor up to the time  
27 of the grantor's conveyance, without prejudice to the grantee's right  
28 to recover from the grantor the amounts paid by the grantee. Suit to  
29 recover a personal judgment for any delinquent assessment is  
30 maintainable in any court of competent jurisdiction without  
31 foreclosing or waiving the lien securing such sums.

32 (18) The association may from time to time establish reasonable  
33 late charges and a rate of interest to be charged, not to exceed the  
34 maximum rate calculated under RCW 19.52.020, on all subsequent  
35 delinquent assessments or installments of assessments. If the  
36 association does not establish such a rate, delinquent assessments  
37 bear interest from the date of delinquency at the maximum rate  
38 calculated under RCW 19.52.020 on the date on which the assessments  
39 became delinquent.

1 (19) The association is entitled to recover any costs and  
2 reasonable attorneys' fees incurred in connection with the collection  
3 of delinquent assessments, whether or not such collection activities  
4 result in a suit being commenced or prosecuted to judgment. The  
5 prevailing party is also entitled to recover costs and reasonable  
6 attorneys' fees in such suits, including any appeals, if it prevails  
7 on appeal and in the enforcement of a judgment.

8 (20) To the extent not inconsistent with this section, the  
9 declaration may provide for such additional remedies for collection  
10 of assessments as may be permitted by law.

11 (21)(a) When the association mails to the unit owner by first-  
12 class mail the first notice of delinquency for past due assessments  
13 to the unit address and to any other address that the owner has  
14 provided to the association, the association shall include a first  
15 preforeclosure notice that states as follows:

16 **THIS IS A NOTICE OF DELINQUENCY FOR PAST DUE ASSESSMENTS**  
17 **FROM THE UNIT OWNERS ASSOCIATION TO WHICH YOUR HOME BELONGS.**  
18 **THIS NOTICE IS ONE STEP IN A PROCESS THAT COULD RESULT IN YOUR LOSING**  
19 **YOUR HOME.**  
20 **CONTACT A HOUSING COUNSELOR OR AN ATTORNEY LICENSED IN WASHINGTON NOW**  
21 **to assess your situation and refer you to mediation if you might**  
22 **benefit. DO NOT DELAY.**  
23 **BE CAREFUL** of people who claim they can help you. There are many  
24 individuals and businesses that prey upon borrowers in distress.  
25 **REFER TO THE CONTACTS BELOW** for sources of assistance.

26 **SEEKING ASSISTANCE**

27 Housing counselors and legal assistance may be available at  
28 little or no cost to you. Housing counselors may assist you in  
29 meeting and conferring with your association to resolve the past due  
30 assessments, and based on the circumstances refer you to the  
31 foreclosure mediation program. The meet and confer will be scheduled  
32 within 30 days of contacting the housing counselor. If you would like  
33 assistance in determining your rights and opportunities to keep your  
34 house, you may contact the following:

35 The statewide foreclosure hotline for assistance and referral to  
36 housing counselors recommended by the Housing Finance Commission  
37 Telephone: . . . . . Website: . . . . .  
38 The United States Department of Housing and Urban Development  
39 Telephone: . . . . . Website: . . . . .

1 The statewide civil legal aid hotline for assistance and  
2 referrals to other housing counselors and attorneys

3 Telephone: . . . . . Website: . . . . .

4 The association shall obtain the toll-free numbers and website  
5 information from the department of commerce for inclusion in the  
6 notice.

7 (b) If, when a delinquent account is referred to an association's  
8 attorney, the first preforeclosure notice required under (a) of this  
9 subsection has not yet been mailed to the unit owner, the association  
10 or the association's attorney shall mail the first preforeclosure  
11 notice to the unit owner in order to satisfy the requirement in (a)  
12 of this subsection. The association should inform the delinquent  
13 apartment owner of the opportunity to contact a housing counselor as  
14 provided in this act prior to mailing the first preforeclosure  
15 notice.

16 (c) Mailing the first preforeclosure notice pursuant to (a) of  
17 this subsection does not satisfy the requirement in subsection  
18 (22)(b) of this section to mail a second preforeclosure notice at or  
19 after the date that assessments have become past due for at least 90  
20 days. The second preforeclosure notice may not be mailed sooner than  
21 60 days after the first preforeclosure notice is mailed.

22 (22) An association may not commence an action to foreclose a  
23 lien on a unit under this section unless:

24 (a) The unit owner, at the time the action is commenced, owes at  
25 least a sum equal to the greater of:

26 (i) Three months or more of assessments, not including fines,  
27 late charges, interest, attorneys' fees, or costs incurred by the  
28 association in connection with the collection of a delinquent owner's  
29 account; or

30 (ii) \$2,000 of assessments, not including fines, late charges,  
31 interest, attorneys' fees, or costs incurred by the association in  
32 connection with the collection of a delinquent owner's account;

33 (b) At or after the date that assessments have become past due  
34 for at least 90 days, but no sooner than 60 days after the first  
35 preforeclosure notice required in subsection (21)(a) of this section  
36 is mailed, the association has mailed, by first-class mail, to the  
37 owner, at the unit address and to any other address which the owner  
38 has provided to the association, a second notice of delinquency,  
39 which must include a second preforeclosure notice that contains the



1 same information as the first preforeclosure notice provided to the  
2 owner pursuant to subsection (21)(a) of this section. The second  
3 preforeclosure notice may not be mailed sooner than 60 days after the  
4 first preforeclosure notice required in subsection (21)(a) of this  
5 section is mailed;

6 (c) At least 90 days have elapsed from the date the minimum  
7 amount required in (a) of this subsection has accrued; and

8 (d) The board approves commencement of a foreclosure action  
9 specifically against that unit.

10 (23) Every aspect of a collection, foreclosure, sale, or other  
11 conveyance under this section, including the method, advertising,  
12 time, date, place, and terms, must be commercially reasonable.

13 NEW SECTION. **Sec. 15.** (1) Sections 1 through 4 and 11 through  
14 14 of this act take effect January 1, 2026.

15 (2) Sections 5 through 7 of this act take effect January 1, 2028.

16 NEW SECTION. **Sec. 16.** Sections 1, 2, 4, and 11 through 13 of  
17 this act expire January 1, 2028.

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