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**SUBSTITUTE SENATE BILL 6018**

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**State of Washington**

**69th Legislature**

**2026 Regular Session**

**By** Senate Housing (originally sponsored by Senators Trudeau, Alvarado, Bateman, and Nobles)

READ FIRST TIME 01/22/26.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

18 (a) Income;

19 (b) Family size;

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

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

23 (e) Age or infirmity; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

19 (11) Take assignments of leases and rentals;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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