CERTIFICATION OF ENROLLMENT

SUBSTITUTE SENATE BILL 5938

Chapter 156, Laws of 2026

69th Legislature
2026 Regular Session

FORECLOSURE PREVENTION FEE—VARIOUS PROVISIONS

EFFECTIVE DATE: June 11, 2026

Passed by the Senate March 9, 2026
Yeas 48 Nays 1

DENNY HECK

President of the Senate

Passed by the House March 3, 2026
Yeas 59 Nays 35

LAURIE JINKINS

Speaker of the House of Representatives

Approved March 23, 2026 3:29 PM

BOB FERGUSON

Governor of the State of Washington

CERTIFICATE

I, Sarah Bannister, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SUBSTITUTE SENATE BILL 5938** as passed by the Senate and the House of Representatives on the dates hereon set forth.

SARAH BANNISTER

Secretary

FILED

March 24, 2026

Secretary of State
State of Washington

SUBSTITUTE SENATE BILL 5938

AS AMENDED BY THE HOUSE

Passed Legislature - 2026 Regular Session

State of Washington 69th Legislature 2026 Regular Session

By Senate Housing (originally sponsored by Senators Orwall, Nobles, and Stanford)

READ FIRST TIME 01/19/26.

AN ACT Relating to the foreclosure prevention fee; and amending RCW 61.24.157.

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

Sec. 1. RCW 61.24.157 and 2025 c 393 s 8 are each amended to read as follows:

(1) For each residential mortgage loan, as defined in RCW 31.04.015(24), originated within or outside of the state of Washington and related to property located within the state of Washington, ((~~excepting only reverse mortgage loans issued to seniors over the age of 61~~)) except as set forth in subsection (2) of this section, a foreclosure prevention fee of $80 shall be assessed and due and payable at the time of closing by the escrow agent or other settlement or closing agent processing the loan closing into the foreclosure fairness account created in RCW 61.24.172. This foreclosure prevention fee may be financed in the loan and paid from the loan proceeds ((~~or from any borrower cash contribution~~)) at the time of closing. ((~~The department may make policies and procedures related to the implementation, collection, remittance, and management of the fee and may enter into individualized agreements governing the efficient remittance of the fee.~~))

(2)(a) The following are exempt from the requirements of subsection (1) of this section:

(i) Any reverse mortgage loan made to a person 60 years of age or older; and

(ii) Chattel loans or retail installment contracts to purchase a dwelling where the dwelling is secured as personal property.

(b) If a borrower is purchasing residential real property of up to four units and the purchase transaction is financed in any part through any program administered by the department under chapter 43.185A RCW, the covenant homeownership program established under chapter 43.181 RCW, or any homeownership program administered by the Washington state housing finance commission under chapter 43.180 RCW, then the foreclosure prevention fee may only be collected on the first lien residential mortgage loan.

(3) The foreclosure prevention fee required by subsection (1) of this section must be disclosed in accordance with federal and state law. However, the foreclosure prevention fee may be excluded from the finance charge calculation.

(4) At or before the time that the foreclosure prevention fee is assessed under subsection (1) of this section, the escrow agent or other settlement or closing agent must provide the borrower with a notice of the foreclosure prevention fee and its purpose. The department must create a notice form that an escrow agent or other settlement or closing agent may use to satisfy this notice requirement. The notice form must include the toll-free numbers for the statewide foreclosure hotline recommended by the housing finance commission.

(5) The department has the power and broad administrative discretion to administer and interpret this section and may:

(a) Make policies and procedures related to the implementation, collection, remittance, and management of the foreclosure prevention fee;

(b) Enter into individualized agreements governing the efficient remittance of the foreclosure prevention fee; and

(c) Adopt rules as necessary to interpret, implement, and enforce this section.

Passed by the Senate March 9, 2026.
Passed by the House March 3, 2026.
Approved by the Governor March 23, 2026.

Filed in Office of Secretary of State March 24, 2026.

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