

Multiple Agency Fiscal Note Summary

Bill Number: 5686 E 2S SB AMH HOUS H2059.1	Title: Foreclosure mediation prg.
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Estimated Cash Receipts

Agency Name	2025-27			2027-29			2029-31		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Department of Commerce	0	0	14,240,000	0	0	14,240,000	0	0	14,240,000
Department of Commerce	In addition to the estimate above,there are additional indeterminate costs and/or savings. Please see individual fiscal note.								
Total \$	0	0	14,240,000	0	0	14,240,000	0	0	14,240,000

Agency Name	2025-27		2027-29		2029-31	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts	Fiscal note not available					
Loc School dist-SPI						
Local Gov. Other						
Local Gov. Total						

Estimated Operating Expenditures

Agency Name	2025-27				2027-29				2029-31			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Administrative Office of the Courts	Fiscal note not available											
Department of Commerce	2.4	0	0	14,240,000	1.5	0	0	14,240,000	1.5	0	0	14,240,000
Total \$	2.4	0	0	14,240,000	1.5	0	0	14,240,000	1.5	0	0	14,240,000

Agency Name	2025-27			2027-29			2029-31		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts	Fiscal note not available								
Loc School dist-SPI									
Local Gov. Other									
Local Gov. Total									

Estimated Capital Budget Expenditures

Agency Name	2025-27			2027-29			2029-31		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Administrative Office of the Courts	Fiscal note not available								
Department of Commerce	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Agency Name	2025-27			2027-29			2029-31		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts	Fiscal note not available								
Loc School dist-SPI									
Local Gov. Other									
Local Gov. Total									

Estimated Capital Budget Breakout

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Individual State Agency Fiscal Note

Bill Number: 5686 E 2S SB AMH HOUS H2059.1	Title: Foreclosure mediation prg.	Agency: 103-Department of Commerce
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Part I: Estimates

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No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2026	FY 2027	2025-27	2027-29	2029-31
Foreclosure Fairness Account-State 17L-1	7,120,000	7,120,000	14,240,000	14,240,000	14,240,000
Total \$	7,120,000	7,120,000	14,240,000	14,240,000	14,240,000

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

Estimated Operating Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	3.3	1.5	2.4	1.5	1.5
Account					
Foreclosure Fairness Account-State 17L-1	7,120,000	7,120,000	14,240,000	14,240,000	14,240,000
Total \$	7,120,000	7,120,000	14,240,000	14,240,000	14,240,000

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

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If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

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If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

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Capital budget impact, complete Part IV.

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Requires new rule making, complete Part V.

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Agency Preparation: Teresa Lewis	Phone: 360-725-2723	Date: 04/03/2025
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OFM Review: Marie Davis	Phone: (360) 890-1163	Date: 04/04/2025

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

E2SSB 5686 AMH HOUS would impact revenues and expenditures for the Department of Commerce (Department). Revenue impacts would be due to staffing and payment processing costs associated with collecting the new fee.

Section 1 updates the list of chapter terms and definitions to include “Assessment” and “Notice of Delinquency” in RCW 61.24.005. New forms and templates will be required to be created utilizing the additional terms and language.

Section 2 a new section, outlines additional provisions and requirements for housing counselors regarding their duty of good faith when representing a unit owner experiencing foreclosure initiated by an association. Establishes a meet and confer process for unit owners to request a meeting with their association through a housing counselor or attorney. This section also establishes timelines for requesting a referral to foreclosure mediation between unit owners and associations. This section begins January 1, 2026, and expires January 1, 2028. See Section 5 for more information. New forms and templates will be required to be created to include the information contained in this section.

Section 3 amends RCW 61.24.163) to expand the foreclosure mediation program to include Homeowner’s Association (HOA) and Condominium Owner’s Association (COA) foreclosure mediation requests as well as outlines the corresponding process and timelines. The Department will be required to establish an online foreclosure resource center that contains information- including in different languages- to support homeowners the foreclosure process and only the foreclosure process. IT staff time will be required to develop new forms, an online center, and modify the existing foreclosure program database to accommodate new entries. Current mediators will need to be trained on how to handle the new types of mediation requests and additional mediators will need to be recruited to handle the increase in overall referrals. This section begins January 1, 2026.

Section 3(22) expands the Department's annual legislative reporting requirement to include data regarding HOA/COA foreclosure mediation requests and outcomes. This requirement begins by December 1, 2026. Expansion of the existing database in order to collect and report on this information will be required.

Section 3(24) requires the Department to develop an online common interest communities resource center focused specifically on foreclosure assistance and mediation. This requirement will require the creation and translation of informational documents as well as access to a phone-based interpretive service.

Section 4 amends RCW 61.24.165 and allows for both non-judicial and judicial HOA/COA foreclosures to be referred to mediation. This will increase the total overall number of referrals submitted for mediation on a yearly basis. This section begins January 1, 2026, and expires January 1, 2028. See Section 6 for more information.

Section 5 a new Section in chapter 61.24 RCW, establishes the ability for a unit owner to seek out a housing counselor for assistance without precluding them from participating in the mediation process and this further establishes the responsibilities of Housing Counselors, unit owners, and the association within the "meet and confer" process. The rights and responsibilities established in this section does not prohibit a unit owner from being referred to mediation by a Housing Counselor or Attorney. Under RCW 62.34.163(22) Housing Counselors are also required to provide the Department with information to assist them in the Department's annual report to the legislature. The Department will be required to provide extra training to Housing Counselors and prepare a report for the legislature pursuant to RCW 62.34.163(22). This section takes effect January 1, 2028.

Section 6 amends RCW 61.24.165 and maintains and replaces Section 4 beginning January 1, 2028, due to the pre-existing expiration of RCW 61.24.165 (Laws of 2023 chapter 206 sec. 6) and effective date of RCW 61.24.165 (Laws of 2024 chapter 321 sec. 413). The Department will be required to update external forms and information to reflect the correct

statutory references.

The updates in this section include the following:

- Section 6(3) extends the application of this section to associations seeking to foreclose based on liens or deficiencies via nonjudicial or judicial foreclosure.
- Section 6(4) clarifies that the borrower or current unit owner can be referred to mediation in the case of the death of the original borrower or unit owner.

Section 7 amends RCW 61.24.005 and maintains and replaces Section 1, changes the RCW citations of "...chapter 64.32, 64.34, 64.38, or 64.90 RCW..." to simply "...chapter 64.90 RCW..." beginning January 1, 2028, due to chapter expirations. The Department will be required to update external forms and information to reflect the correct statutory references.

Section 8 a new section in chapter 61.24 RCW establishes a new program fee to support the Foreclosure Fairness Program per chapter 61.24 RCW. The bill sets the program fee at a rate of \$80 paid by the borrower for each residential mortgage loan origination. The escrow agent or other settlement or closing agent processing the loan closing is responsible for collecting the program fee and remitting the funds into the Foreclosure Fairness Account. This program fee is an additional source of revenue for the Foreclosure Fairness Program; financial institutions will continue to pay a fee on notice of default issuances as outlined in RCW 61.24.190. The program fee proposed in this bill exempts reverse mortgage loan originations for seniors over the age of 61. This additional fee will increase staff hours through policy and procedure development, as well as ongoing fee management and collection efforts. The department will also incur payment processing fees. This section begins 90 days after the conclusion of the legislative session.

- Section 8(2) requires escrow agents or another settlement or closing agent to provide the borrower with a notice explaining the foreclosure prevention fee and providing the borrower with the statewide foreclosure mediation hotline number. The department will expend additional hours to train escrow agents and other appropriate staff to ensure compliance, and the Department will need to create and distribute the notice form for the borrower.

Section 10 a new section in chapter 61.24 RCW requires the Department to provide a report to the Senate Housing Committee on program fee revenue remitted under RCW 61.24.190 and 170, and the new fee created in section 8 of this bill received from July 1, 2025, through November 30, 2025. The fee revenue data must be posted to the Department's website annually after that.

Section 11 amends RCW 64.32.200 and inserts additional language to be present on all notices of delinquency for past due assessments issued to delinquent unit owners. The Department will be responsible for translating the contents within this section per Section 3(24) of this bill. This section begins January 1, 2026.

Section 12 amends RCW 64.34.364 and inserts additional language to be present on all notices of delinquency for past due assessments issued to delinquent unit owners. The Department will be responsible for translating the contents within this section per Section 3(24) of this bill. This section begins January 1, 2026.

Section 13 amends RCW 64.38.100 and inserts additional language to be present on all notices of delinquency for past due assessments issued to delinquent unit owners. The Department will be responsible for translating the contents within this section per Section 3(24) of this bill. This section begins January 1, 2026.

Section 14 amends RCW 64.90.485 and inserts additional language to be present on all notices of delinquency for past due assessments issued to delinquent unit owners. The Department will be responsible for translating the contents within this section per Section 3(24) of this bill. This section begins January 1, 2026.

Section 15 establishes a timeline for sections 1 through 4, 11 through 14, and sections 5 through 7 to take effect;

respectively.

Section 16 establishes a timeline for sections 1, 2, 4, and 11 through 13 to expire on January 1, 2028.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

Section 8 Amends this chapter to establish the new program fee, the Foreclosure Prevention Fee, to support the Foreclosure Fairness Program under RCW Chapter 61.24. The bill sets the fee at a rate of \$80 paid by the borrower for each residential mortgage loan origination. We are estimating 89,000 loan originations per year.

The escrow, settlement or closing agent processing the loan closing is responsible for collecting the program fee and remitting it into the Foreclosure Fairness Account. This program fee is an additional source of revenue for the Foreclosure Fairness Program on top of the Notice of Default paid by financial institutions currently outlined in RCW 61.24.190. This program fee exempts the collection of the program fee on reverse mortgage loan originations for seniors over the age of 61.

Estimated Revenue = \$80 per loan origination x estimated 89,000 originations/year = \$7,120,000/year

*Exact revenue is indeterminate because many factors affect the demand for loans.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

The revenue generated by the bill would allow the Department to continue to maintain services at the current levels for foreclosure fairness programs funded through the foreclosure fairness account (17L). After accounting for Department administrative costs, approximately \$6.8 million per year would be passed along to the other organizations outlined in Section 9 (including 8 percent to the Office of the Attorney General for enforcement).

This bill would have a large administrative impact on the foreclosure mediation program overall and specifically on Department staff. The administrative impact on the Department can be found most notably in Section 3, a small impact in Section 5, and Section 8 of this bill.

The expansion of the mediation program to include Homeowner's Association (HOA) and Condominium Owner's Association (COA) foreclosure mediations would necessitate the Department to update all program materials, forms, and guidelines. There is the possibility by expanding the program to capture HOA and COA foreclosures, referrals to the program may increase significantly. This bill would require the Department to train and recruit additional mediators to help absorb the increase in referral volume. Due to the addition of HOA and COA foreclosures into the program, the Department will need to create and administer a specialized training program for all mediators specific to HOA and COA foreclosure mediation expectations. The Department would also be required to establish a Common Interest Communities Foreclosure Resource Center online through an update to our website that would take the form of setting up a new page with links to additional resources and creating a submission form.

The Department, pursuant to the requirements in Section 5 and 8 will need to utilize staff time to train Housing Counselors and Escrow agents, respectively.

This bill would also require the Department to make large changes to our internal program database, the Foreclosure Fairness Program Database (FFPD), to track the new HOA/COA referral submissions and extract the new required reporting figures and outcomes.

The implementation of the new program fee (Section 8) would also have an administrative impact on the Department. To begin receiving those fees by July 2025, the Department will need to develop guidance and internal controls to process and track the new payments being remitted. The estimated foreclosure prevention fee collection costs, maintenance, imaging, and post office box rental is \$4,250 per month.

The Department will be required to translate our materials into other languages for residents who may require translation services to access the foreclosure mediation program's assistance. The fees to host phone line interpretation (sourced from the Office of Equity and Belonging) are \$4,500 per month, and \$2,016 per year to translate five of the documents either created or modified under this bill. Our website currently uses Google translate to translate the page from English to Spanish and that will not require additional expenditures.

Staffing Assumptions

Initial development and deployment, FY26:

0.2 FTE IT Application Developer, Journey (418 hours, July 1, 2025 – Dec 31, 2025), 16 hours/week for 6-month development, testing, deployment period.

0.2 FTE IT Business Analyst, Journey (418 hours, July 1, 2025 – Dec 31, 2025), 16 hours week for 6-month development, testing, deployment period.

1.0 FTE COM 1 (2,088 hours) Program Specialist, consultation and processing fee deposits from escrow.

0.3 FTE COM 3 (626 hours) Program Specialist, consultation, program development, increased intake volume and providing training for Housing Counselors, Escrow Agents and other relevant contacts.

0.3 COM 5 (626 hours) Program Manager, Supervision of the activities of the COM 1 & 3 positions.

10 hours for process and procedure support from the Assistant Attorney General.

FTE Impacts, Second Half of FY26 (Jan 1, 2026 – June 30, 2026):

0.15 FTE IT Application Developer, Journey, (313 hours) 12 hours/week to provide ongoing maintenance, support and enhancements.

0.1 FTE IT Business Analyst, Journey, (209) 8 hours/week to provide ongoing system support.

Ongoing FTE impacts:

0.3 FTE IT Application Developer, Journey, (626 hours/year) 12 hours/week to provide ongoing maintenance, support and enhancements FY 27 – FY 31.

0.2 FTE IT Business Analyst, Journey, (418 hours/year) 8 hours/week to provide ongoing system support FY 27 – FY 31.

1.0 FTE Fiscal Analyst 2, (2,088 hours/year) to reconcile incoming fee payments, send information to the Office of the State Treasurer, and enter the information into AFRS FY 26 - FY 31.

COST SUMMARY:

.35 FTE IT Application Developer, Journey (731 hours) FY26 and .30 FTE (626 hours) for FY27-FY31

.30 FTE IT Business Analyst, Journey (626 hours) FY26 and .20 FTE (418 hours) for FY27-FY31

.30 FTE Commerce Specialist 5 (626 hours) FY26

1.0 FTE Commerce Specialist 1 (2,088 hours) FY26

.30 FTE Commerce Specialist 3 (626 hours) FY26

1.0 FTE Fiscal Analyst 2 (2,088 hours/year) FY26-31

Salaries and Benefits:

FY26: \$336,606

FY27-FY31: \$154,597 per fiscal year

Goods and Other Services:

FY26: \$132,816

FY27-FY31: \$123,516 per fiscal year

Travel:

FY26: \$2,250

FY27-FY31: \$500 per fiscal year

Capital Outlays:

FY26: \$12,000

FY29: \$6,000

Grants, Benefits & Client Services:

FY26: \$6,525,485

FY27-FY28: \$6,790,525 per fiscal year

FY29: \$6,784,525

FY30-FY31: \$6,790,525 per fiscal year

Intra-agency Reimbursements:

FY26: \$110,743

FY27-FY31: \$50,862 per fiscal year

Note: Standard goods and services costs include supplies and materials, employee development and training. Attorney General costs, and agency administration. Intra-agency administration/reimbursement (e.g., payroll, HR, IT are funded under a federally approved cost allocation plan).

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Total Costs:

FY26-31: \$7,120,000 per fiscal year

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2026	FY 2027	2025-27	2027-29	2029-31
17L-1	Foreclosure Fairness Account	State	7,120,000	7,120,000	14,240,000	14,240,000	14,240,000
Total \$			7,120,000	7,120,000	14,240,000	14,240,000	14,240,000

III. B - Expenditures by Object Or Purpose

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	3.3	1.5	2.4	1.5	1.5
A-Salaries and Wages	247,149	113,421	360,570	226,842	226,842
B-Employee Benefits	89,457	41,176	130,633	82,352	82,352
C-Professional Service Contracts					
E-Goods and Other Services	132,916	123,516	256,432	247,032	247,032
G-Travel	2,250	500	2,750	1,000	1,000
J-Capital Outlays	12,000		12,000	6,000	
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services	6,525,485	6,790,525	13,316,010	13,575,050	13,581,050
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements	110,743	50,862	161,605	101,724	101,724
9-					
Total \$	7,120,000	7,120,000	14,240,000	14,240,000	14,240,000

III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2026	FY 2027	2025-27	2027-29	2029-31
Commerce Specialist 1	62,888	1.0		0.5		
Commerce Specialist 3	84,518	0.3		0.2		
Commerce Specialist 5	98,040	0.3		0.2		
Fiscal Analyst 2	59,847	1.0	1.0	1.0	1.0	1.0
IT APP Development - Journey	107,148	0.4	0.3	0.3	0.3	0.3
IT Business Analyst - Journey	107,149	0.3	0.2	0.3	0.2	0.2
Total FTEs		3.3	1.5	2.4	1.5	1.5

III. D - Expenditures By Program (optional)

Program	FY 2026	FY 2027	2025-27	2027-29	2029-31
Housing Division (400)	7,120,000	7,120,000	14,240,000	14,240,000	14,240,000
Total \$	7,120,000	7,120,000	14,240,000	14,240,000	14,240,000

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

No impact to the capital budget.

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.



Ten-Year Analysis

Bill Number 5686 E 2S SB AMH HOUS H2059.1	Title Foreclosure mediation prg.	Agency 103 Department of Commerce
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

☐ No Cash Receipts
 ☒ Partially Indeterminate Cash Receipts
 ☐ Indeterminate Cash Receipts

Estimated Cash Receipts

Name of Tax or Fee	Acct Code	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030	Fiscal Year 2031	Fiscal Year 2032	Fiscal Year 2033	Fiscal Year 2034	Fiscal Year 2035	2026-35 TOTAL
\$80 Foreclosure Prevention Fee	17L	7,120,000	7,120,000	7,120,000	7,120,000	7,120,000	7,120,000	7,120,000	7,120,000	7,120,000	7,120,000	71,200,000
Total		7,120,000	7,120,000	7,120,000	7,120,000	7,120,000	7,120,000	7,120,000	7,120,000	7,120,000	7,120,000	71,200,000
Biennial Totals		14,240,000		14,240,000		14,240,000		14,240,000		14,240,000		71,200,000

Narrative Explanation (Required for Indeterminate Cash Receipts)

Section 8 amends this chapter to establish the new program fee, the Foreclosure Prevention Fee, to support the Foreclosure Fairness Program under RCW Chapter 61.2. The bill sets the fee at a rate of \$80 paid by the borrower for each residential mortgage loan origination. We are estimating 89,000 loan originations per year.

The escrow, settlement or closing agent processing the loan closing is responsible for collecting the program fee and remitting it into the Foreclosure Fairness Account. The program fee is an additional source of revenue for the Foreclosure Fairness Program on top of the Notice of Default paid by financial institutions currently outlined in RCW 61.24.190. This program fee exempts the collection of the program fee on reverse mortgage loan originations for seniors over the age of 61.

Estimated Revenue = \$80 per loan origination x estimated 89,000 originations/year = \$7,120,000/year

*Exact revenue is indeterminate because many factors affect the demand for loans.

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