

CERTIFICATION OF ENROLLMENT

SUBSTITUTE SENATE BILL 5938

69th Legislature
2026 Regular Session

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

President of the Senate

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

**Speaker of the House of
Representatives**

Approved

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.

Secretary

FILED

**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.

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

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

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

6 (1) For each residential mortgage loan, as defined in RCW
7 31.04.015(24), originated within or outside of the state of
8 Washington and related to property located within the state of
9 Washington, (~~excepting only reverse mortgage loans issued to seniors~~
10 ~~over the age of 61~~) except as set forth in subsection (2) of this
11 section, a foreclosure prevention fee of \$80 shall be assessed and
12 due and payable at the time of closing by the escrow agent or other
13 settlement or closing agent processing the loan closing into the
14 foreclosure fairness account created in RCW 61.24.172. This
15 foreclosure prevention fee may be financed in the loan and paid from
16 the loan proceeds (~~or from any borrower cash contribution~~) at the
17 time of closing. (~~The department may make policies and procedures~~
18 ~~related to the implementation, collection, remittance, and management~~
19 ~~of the fee and may enter into individualized agreements governing the~~
20 ~~efficient remittance of the fee.~~)

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

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

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

7 (b) If a borrower is purchasing residential real property of up
8 to four units and the purchase transaction is financed in any part
9 through any program administered by the department under chapter
10 43.185A RCW, the covenant homeownership program established under
11 chapter 43.181 RCW, or any homeownership program administered by the
12 Washington state housing finance commission under chapter 43.180 RCW,
13 then the foreclosure prevention fee may only be collected on the
14 first lien residential mortgage loan.

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

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

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

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

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

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

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