



Department of Commerce

Substitute House Bill 2876 Summary

SBH 2876 Summary

Substitute House Bill 2876 was signed by the governor on April 1, 2016. Changes go into effect on July 1, 2016. This bill amends sections 61.24.172 and 61.24.135, creates a new section, and repeals section 61.24.174. [View Session Law - Chapter 196, Laws of 2016.](#)

These modifications result in three major changes to the statute: 1) revision of the funding allocation to the entities providing services under the act; 2) a change to when beneficiary fees are paid – at the recording of the notice of trustee’s sale rather than the issuance of the notice of default; and 3) the exemption from paying the fees applies to beneficiaries with fewer than 50 notices of trustee’s sale in the preceding year rather than 250 issuances of notices of default.

- 1. Funding Allocation Structure.** The bill modifies Section 61.24.172, which revises the funding allocation for entities providing services under the FFA. \$400,000 is allocated to fund the counselor referral hotline. The remaining revenues will be distributed as follows:

	Allocation Percentage
Housing Finance Commission	69%
Department of Commerce	17%
Attorney General’s Office	8%
Office of Civil Legal Aid	6%

- 2. Fees Paid at Notice of Trustee’s Sale.** The bill repeals 61.24.174 and adds a new section outlining the beneficiary reporting and fees requirement. As of July 1, 2016 for each notice of trustee’s sale recorded on a residential real property, the beneficiary on whose behalf the notice of trustee’s sale has been recorded shall remit \$250 to the department in a lump sum. These remittances shall be made on a quarterly basis. The process for reporting to the department will not change other than beneficiaries will report the number of recorded notices of trustee’s sale rather than the number of issued notices of default.
- 3. Exemption from Fees.** Federally insured depository institutions who certify under penalty of perjury that fewer than fifty (50) notices of trustee’s sale were recorded on its behalf in the preceding year are exempt from paying these fees

Q&A

- 1. Will beneficiaries need to recertify to be exempt from paying the fees?** Yes. Beneficiaries who have submitted letters to Commerce certifying they are exempt from paying the fees in the past will need to submit a new letter as the exemption requirement has changed. New forms are available on our website.



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2. **Does the requirement for exemption from mediation change?** No. The requirements do not change for exemption from mediation, only fees. Beneficiaries who are currently exempt from mediation will not need to certify again until next year.
3. **When will the payment and reporting begin on the notices of trustee's sale?** Per the new section effective July 1, 2016, beneficiaries will report to Commerce for the previous quarter on the notices of trustee's sale. Therefore, the quarterly report due August 14 for Quarter 2 (April – June 30), will be based on the notices of trustee's sale.
4. **Will the beneficiary quarterly reports change?** No. The process will remain the same. However, please note that for that reporting period beneficiaries will report the number of notices of trustee's sale rather than the number of notices of default issued.
5. **Will the funds allocated to fund the hotline be distributed through Housing Finance Commission?** Yes.
6. **What services do the other agencies provide? How are the funds spent?**
 - Department of Commerce – overall program administration, processes referrals to mediation, approves and trains foreclosure mediators
 - Housing Finance Commission – administers programs that provide free professional housing counseling to all Washington homeowners
 - Attorney General's Office – processes consumer protection complaints, housing counselor and attorney escalations, and investigates and brings enforcement actions concerning violations of the Deed of Trust Act
 - Office of Civil Legal Aid - provides free legal assistance to low and moderate-income homeowners.

For more information about the program, visit the program website (www.commerce.wa.gov/foreclosures).