



Entry Form 2018 Annual Awards for Program Excellence

Entry Deadline: Friday, June 15, 2018, Midnight ET

Each entry must include a completed entry form. Please complete a form for each entry your HFA is submitting. The completed entry form will become the first page of your entry.

This form is a fillable PDF. Type your information into the entry form and save it as a PDF. Please do not write on or scan the entry form. **Questions: Call 202-624-7710 or email awards@ncsha.org.**

Entry Title: Enter your entry's title exactly as you wish it to be published on the NCSHA website and in the awards program.

Category:

Subcategory:

Entry Summary: A 15-word (max) summary of the program, project, or practice you are entering.

HFA:

HFA Staff Contact:

Phone:

Email:

Visual Aids:

Are you mailing to NCSHA 10 copies of any visual aids that cannot be included in your entry PDF? Yes No

Payment:

My HFA is mailing a check to NCSHA.
My HFA is emailing the credit card authorization form to awards@ncsha.org.

State Legislative Advocacy: Getting to Yes to Protect Homeowners

Protecting Washington’s Homeowners and Neighborhoods

Since 2010, the Commission has been instrumental in helping Washington homeowners keep their homes in the wake of the Great Recession and the ensuing foreclosure crisis.

In 2018, with the statewide network of free housing counselors threatened, the Commission was perfectly positioned to bring together consumer advocacy groups, government, and financial institutions. The result was the passage of legislation that offers strong protections for homeowners in crisis, reduces blight due to abandoned properties, and funds housing counseling in perpetuity.

Mitigating the Crash

When the Great Recession hit, the number of foreclosures in Washington surged from about 7,000 to 45,000 over just three years. The Commission responded quickly by retooling our ongoing pre-purchase counseling program to instead focus on default counseling. Counselors were trained to offer guidance—at no cost—to homeowners who were in default (or in danger of defaulting) on their mortgages.

This program was expanded in 2012, when as part of the National Mortgage Settlement, the Washington State Attorney General’s Office invited the Commission to participate in its “Blue Ribbon” distribution team and awarded us \$3 million to significantly expand housing counseling statewide.

Mediation for Consumers

Around the same time, Washington State Representative Tina Orwall invited the Commission to join a stakeholder group working to develop a new piece of state legislation: the Foreclosure Fairness Act. This act outlined new and unprecedented assistance to homeowners, marking a seminal moment in the struggle to provide communities with relief from the foreclosure crisis.

Critically, the Foreclosure Fairness Act (FFA) included a mediation program. Because banks in Washington do not have to file a lawsuit in order to foreclose, there had been no chance for homeowners to plead their case to a third party. The FFA now enabled homeowners to require the bank to meet with them and a mediator before a foreclosure could take place.

But funding was needed. Through our familiarity with the existing counseling programs and our long-time working relationships with major financial institutions, the Commission helped build consensus for a new, non-recoverable fee paid by lenders. Thanks to the fee, counseling services would continue to be free to homeowners facing default on their home loans.

Funding Falters

This funding mechanism worked for several years after the passage of the FFA. But over time, as the housing market began to recover, it became clear that it had a fundamental flaw. The original bill required that a fixed dollar amount of the funding—rather than a percentage—went to the administering state agencies. As fewer foreclosures brought in fewer fees to support the counseling

program, a greater and greater proportion of the revenue was spent on administration instead of the actual counseling. As a result, the counseling program was in danger of collapsing—even though there was no shortage of households who desperately needed it.

A New Consensus

To address this problem, in 2016 Representative Tina Orwall once again engaged a panel of stakeholders. The first meeting gathered over 20 financial institution representatives, the administering state agencies, and the Commission. With such a large and diverse group, it became clear that a consensus on a revised funding solution would be next to impossible.

Unwilling to see the process fall apart, the Commission assembled a smaller working group including key state agencies and promised to find a new solution within ten days.

The result was a new formula for equitably distributing funds. It guaranteed that foreclosure counselors—rather than the administrative agencies—received the largest percentage of the funds collected. It also expanded the list of lenders required to pay into the fund.

Not only did this solution save the housing counseling program, the Commission was also able to secure \$200,000 a year to fund Washington’s housing-counseling hotline. This important resource is the official “1-800” number used by homeowners seeking assistance with their mortgage. Now, instead of being vulnerable to tenuous funding from donations and grants, the hotline would have a sure and certain funding source and remain available for homeowners for years to come.

The Commission took the lead on gaining the buy-in of the banking and trustee representatives and negotiating the next steps forward. After some discussion, an agreement was reached which only slightly modified the Commission’s original proposal.

In spring 2016, Rep. Orwall proposed this solution in a bill that unanimously passed both the state House and Senate—a tremendous victory for homeowners, government, and lending institutions alike.

Addressing Abandoned Properties

But new challenges were looming. Ironically, rising home prices—particularly in the booming Puget Sound region—increased financial pressure on lower-income owners who had held on to their homes. Many suddenly found themselves burdened with rapidly escalating property taxes and a lack of financial reserves for unexpected costs. Foreclosures remained rampant.

Communities also felt the pressure in the form of abandoned properties. These properties proliferated in the wake of the 2016 *Jordan v. Nationstar* case, in which the Washington State Supreme Court ruled that banks could not access or secure homes until the foreclosure was finalized, even when the home was a nuisance. The financial burden of addressing this blight would often fall on city governments.

New Legislation

Drawing from the momentum of the 2016 legislative success for the FFA, Representative Orwall again convened her stakeholder panel to tackle the issue—this time including representatives from cities.

Because of the Commission's track record of working with divergent interests, and because the Commission's Senior Policy Advisor was a former city councilmember, the Commission took the lead on negotiations between consumer advocates, cities, and banks. With collaboration and hard work, the Commission was able to negotiate a process to access these properties. However, due to other issues that could not be resolved in the legislation, no bill was passed during the 2017 legislative session.

But this 2017 work laid the foundation for success in 2018. At the start of the 2018 legislative session, cities, banks, and homeowner advocates rejoined the Commission and Rep. Orwall. The result was the creation and unanimous passage of a new bill, HB 2057, adjacent to the Foreclosure Fairness Act.

Reconciling Divergent Interests

Once again, the Commission's unique experience working with multiple stakeholders and interests that often seem directly contradictory was key in negotiating this legislation.

Homeowner advocates were adamant that homebuyers and their families be better protected. For example, a key insight that emerged from stakeholder discussions was the growing number of reverse mortgage foreclosures and foreclosures due to the death of the borrower. Everyone could agree that families deserved a better chance to retain their home in a time of tragedy.

To address this problem, HB 2057 requires that when the original borrower dies, foreclosure notices must be sent to any spouse, child, or parent of the borrower. The law also outlines additional provisions for lenders to work with heirs during the foreclosure process.

The new law also establishes new protections for reverse mortgages, a tool primarily used by senior homeowners to convert home equity into cash. Now, lenders are required to notify owners in writing about their rights and resources for free assistance before filing a reverse-mortgage foreclosure lawsuit.

Meanwhile, the Commission also worked to ensure wins for lending institutions and government entities. With the passage of HB 2057, lenders are now able to enter and maintain properties that are in mid-foreclosure when they are a nuisance and abandoned—a victory for lenders and cities that have struggled since *Jordan v. Nationstar*.

Lastly, the Commission used this opportunity to confirm stakeholder support for bolstering the original FFA of 2011. The new law secures additional funding for the housing counseling program and a new way to track foreclosure filings. Financial institutions agreed to increase the fee they paid into the Foreclosure Fairness Fund to \$325 from \$250. Notably, the increase was unopposed because they believed that the Commission's housing counseling programs provide such a benefit to both the homeowners *and* the banks that it was well worth the additional funding to continue them.

A Victory Years in the Making

The passage of HB 2057 is a point of pride for the Housing Finance Commission. It represents the culmination of years of foreclosure legislative work and the balance of many different interests. This balance could only be reached through years of careful negotiation and mutual understanding between multiple stakeholder groups. The Commission's very specific role as a bridge between these groups was essential in bringing each partner to the table and ensuring that all voices were heard. As a result, Washington's homeowners and their families can count on strong protections and individual support.



March 15, 2018:

Governor Jay Inslee, with Representative Tina Orwall (to his left) and members of the team who crafted the legislation, signs HB 2057 strengthening the state Foreclosure Fairness Act.

WASHINGTON GOVERNOR SIGNS BILL CREATING ESSENTIAL PROTECTIONS FOR CONSUMERS EXPERIENCING FORECLOSURE

Thursday, March 29, 2018

Governor Jay Inslee signed a comprehensive bill yesterday that creates important new protections for low-income consumers, senior homeowners, and communities facing foreclosure.

Under the bill ([HB 2057](#)), counties and municipalities will be able to work with financial institutions to address abandoned properties in foreclosure while still protecting a homeowner's right of possession before the foreclosure is complete. Surviving family members and others who inherit property will have protections during foreclosure similar to those of the original borrower.

The bill also establishes new protections around reverse mortgages. Reverse mortgages are mortgages that convert equity in a home into cash, a tool primarily used by seniors. Under the bill, lenders will now be required to notify owners in writing about their rights and resources for free assistance before filing a reverse mortgage foreclosure lawsuit.

“These changes will help create economic stability in communities hit hardest by the financial crisis, without eroding homeowner rights,” said Lili Sotelo, directing attorney with Columbia Legal Services.

The bill ensures that lenders can only enter properties in foreclosure when the property is a nuisance and abandoned; it creates strict procedures for determining abandonment, for repairing and maintaining those properties, and for returning possession of the home should the owner reappear.

The provisions of HB 2057 came after years of stakeholder negotiation under the leadership of Representative Tina Orwall (D-Des Moines). Stakeholders, including Columbia Legal Services, the Northwest Justice Project, financial institutions, state agencies and local government, identified several areas of focus. One was the growing number of reverse mortgage foreclosures and foreclosures due to the death of the borrower. **With Governor Inslee's signature on HB 2057, homeowners and their families will now have a better chance to preserve the family home.**

The bill also bolsters the Foreclosure Fairness Act (FFA) of 2011 by increasing the fee financial institutions pay into the Foreclosure Fairness Fund and establishing a new way to track foreclosure filings. “The increased fee will allow Washington to preserve the housing counseling expertise it has built since the inception of the FFA and ensure the foreclosure mediation program can continue to help homeowners in need,” said Marc Coté, Director of Parkview Services, a nonprofit organization that creates and promotes inclusive housing solutions.



Apr 6, 2018

The Seattle Medium

A Message From The People... To The People

Inslee Signs Bill Creating Essential Protections For Consumers Experiencing Foreclosure

Posted on Mar 30 2018 - 8:15am by [Seattle Medium](#)

Earlier this week, Governor Jay Inslee signed a comprehensive bill that creates important new protections for low-income consumers, senior homeowners, and communities facing foreclosure.

Under the bill (HB 2057), counties and municipalities will be able to work with financial institutions to address abandoned properties in foreclosure while still protecting a homeowner's right of possession before the foreclosure is complete. Surviving family members and others who inherit property will have protections during foreclosure similar to those of the original borrower.

The bill also establishes new protections around reverse mortgages. Reverse mortgages are mortgages that convert equity in a home into cash, a tool primarily used by seniors. Under the bill, lenders will now be required to notify owners in writing about their rights and resources for free assistance before filing a reverse mortgage foreclosure lawsuit.

"These changes will help create economic stability in communities hit hardest by the financial crisis, without eroding homeowner rights," said Lili Sotelo, directing attorney with Columbia Legal Services.

The bill ensures that lenders can only enter properties in foreclosure when the property is a nuisance and abandoned; it creates strict procedures for determining abandonment, for repairing and maintaining those properties, and for returning possession of the home should the owner reappear.

The provisions of HB 2057 came after years of stakeholder negotiation under the leadership of Representative Tina Orwall (D-Des Moines). Stakeholders, including Columbia Legal Services, the Northwest Justice Project, financial institutions, state agencies and local government, identified several areas of focus. One was the growing number of reverse mortgage foreclosures and foreclosures due to the death of the borrower. With Governor Inslee's signature on HB 2057, homeowners and their families will now have a better chance to preserve the family home.

The bill also bolsters the Foreclosure Fairness Act (FFA) of 2011 by increasing the fee financial institutions pay into the Foreclosure Fairness Fund and establishing a new way to track foreclosure filings. "The increased fee will allow Washington to preserve the housing counseling expertise it has built since the inception of the FFA and ensure the foreclosure mediation program can continue to help homeowners in need," said Marc Coté, Director of Parkview Services, a nonprofit organization that creates and promotes inclusive housing solutions.



Washington State
Governor Jay Inslee

Home / Daily Dose / Putting Abandoned Properties Under the Spotlight

Putting Abandoned Properties Under the Spotlight



Ever since the Washington Supreme Court’s decision in the *Jordan v. NationStar* case, loan servicers have been on edge about securing abandoned property. House Bill 2057 seeks to address this, and several other pressing issues.

Most of the bill’s sections will become effective 90 days after the end of the legislative session, or on June 6, 2018. However, the new requirements applicable to Notices of Default (“NOD”) will apply to NODs issued after June 30, 2018. The bill covers several subjects related to real estate loans, including residential and commercial loans, and amends the Revised Code of Washington.

The bill addresses statutory rights for lenders and servicers to take action over vacant and abandoned properties prior to foreclosure, clarifying the Washington Supreme Court’s ruling in *Jordan v. NationStar Mortgage, LLC*. It provides clarification of the owner/holder/actual holder language consistent with the *Brown v. Washington State Department of Commerce* decision.

For notices issues after June 30, 2018, the bill adds required information on the first page of the Notice of Default and Notice of Trustee’s Sale for commercial and residential loans. It adds statutory due diligence and notice requirements for nonjudicial foreclosure in the event a borrower is deceased. Specifically, the trustee must provide notice of the foreclosure to all known heirs and, if unknown, perform due diligence to locate the heirs.

The bill adds statutory requirements for interaction of lenders, servicers, and trustees with successors in interest to a deceased borrower. Similar to California’s 2017 Widows and Orphans’ bill and the new CFPB rules (effective April 2018), a servicer cannot proceed with a Notice of Default or Notice of Trustee’s Sale, as prescribed in each statute, until it confirms whether the person qualifies as a successor-in-interest under the new statute.

One new option for non-judicial foreclosure trustees is to file a declaration of nonmonetary interest in response to civil litigation in which no wrongful conduct is alleged against the trustee (similar to California’s Civil Code section 2924l). The bill also includes requirements that the beneficiary note declaration now be in the trustee’s possession at the time the NOD is issued and provided to the borrower with the NOD. Finally, the bill includes an increase from \$250.00 to \$325.00 in the amount a beneficiary must deposit into the foreclosure fairness fund for each notice of trustee’s sale on residential real property.

A new pre-foreclosure notice in English and Spanish is required for judicial foreclosures of reverse residential mortgages.

(Click [here](#) to read more of *DS News*’ coverage of Washington House Bill 2057.)



BETTER SERVICING THROUGH THE BEST TECHNOLOGY

Sign up for DS News Daily

Email Address

Subscribe

Popular Recent Comments

Report: Near-Term Outlook ‘Grim’ For Mortgage, Housing Industries
October 7, 2014

Best Housing Rental Investment Markets for 2018
February 14, 2018

Tiny Homes Could Help the Homeless
March 3, 2018

Hidden Figures: 5 Factors That Influence Home Values
March 21, 2018

Millennials Spend Nearly \$100,000 on Rent by Age 30
March 26, 2018

Tweet Like 7 G+ Stu Share Save 1

Tagged with: ABANDONED PROPERTY FORECLOSURE HOUSE BILL 2057 SUCCESSORS OF INTEREST

Previous:

Next:



CITY 101



THE ZOMBIE EFFECT

ABANDONED HOMES HAVE A NUMBER OF NEGATIVE IMPLICATIONS FOR CITIES, AMONG THEM:

CRIME

Vandalism, trespass, theft, and drug activity often occur in or around zombie homes

PUBLIC SAFETY

Unmaintained homes or those occupied by squatters increase risk of fire, structural collapse, and other accidents

PROPERTY VALUES

Zombie homes are often eyesores that affect street appeal and surrounding home values

COMMUNITY COHESION

Abandoned homes separate neighbors and foster distrust

TAX REVENUE

Declining values of zombie homes and surrounding homes limit cities' revenue potential for the properties

BRIAHNA MURRAY, VP Governmental Affairs, Gordon Thomas Honeywell

CLEANUP CREWS

A NEW BILL HELPS CITIES AND BANKS DEAL WITH NUISANCE PROPERTIES

AN ABANDONED NUISANCE PROPERTY impacts an entire neighborhood, attracting squatters, vandalism, and crime and reducing adjacent property values. Neighbors to such properties frequently call their city to complain. Exacerbating the problem, in 2016 the Supreme Court ruled in *Jordan v. Nationstar* that banks cannot access homes mid-foreclosure, even when the home is abandoned and a nuisance. With banks no longer able to perform maintenance on homes that are mid-foreclosure, the burden fell to cities to intervene and perform nuisance abatements.

During the 2018 legislative session, Rep. Tina Orwall (D-Des Moines) led a stakeholder process with cities, banks, and homeowner advocates that culminated in the passage of Engrossed Second Substitute House Bill 2057 (E2SHB 2057). This omnibus bill provides cities with greater tools to address nuisance properties and gives banks access to nuisance properties that are mid-foreclosure, all while protecting homeowner interests.

One of the main benefits of E2SHB 2057 is it allows cities to better recover costs for conducting nuisance abatements on homes that are mid-foreclosure. Under current law, cities are limited in their ability to recover the costs of conducting a nuisance abatement to a \$2,000 first-priority lien against the property. Cities dip into their general fund to complete nuisance abatements, taking away from other essential services.

E2SHB 2057 allows banks to secure homes that are mid-foreclosure, and allows cities increased cost recovery for conducting nuisance abatements. Under the bill, the city can send an affidavit or declaration finding a home to be (1) abandoned, (2) mid-foreclosure, and (3) a nuisance to a mortgage servicer. The mortgage servicer can then access the home to abate the nuisance and secure the property. If the mortgage servicer fails to do so, the city can conduct a nuisance abatement action under its current authority, and fully recover its costs by placing an unlimited first-priority lien on the property. (Cities may also place such a lien for their nuisance abatement costs on an unmaintained bank-owned property.)

The bill also provides a mechanism for a mortgage servicer to ask the city to issue an affidavit indicating that a home is abandoned and a nuisance. The city is responsible for responding and indicating that (1) the home is not abandoned and a nuisance; (2) the home is abandoned and a nuisance, and the mortgage servicer may secure the home; or (3) the city is unable to respond due to time or resource limitations.

The statutory framework in E2SHB 2057 will hopefully encourage banks to secure homes that are mid-foreclosure or bank-owned, and allow cities to fully recover costs if the bank fails to act and the city needs to conduct a nuisance abatement. **G**

Briahna Murray specializes in advocating for cities, counties, and other local governments to the Washington State Legislature and Executive Branch.

