Multiple Agency Fiscal Note Summary

Bill Number: 5109 SB	**Title:** Mortgage lending fraud acc.

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
Office of State Treasurer	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Department of Financial Institutions	0	0	2,355,550	0	0	3,701,165	0	0	3,028,358
Total $	**0**	**0**	**2,355,550**	**0**	**0**	**3,701,165**	**0**	**0**	**3,028,358**

Agency Name	2025-27		2027-29		2029-31	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI						
Local Gov. Other		123,975		194,797		159,386
Local Gov. Total		123,975		194,797		159,386

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
Office of State Treasurer	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Financial Institutions	.0	0	0	0	.0	0	0	0	.0	0	0	0
Total $	**0.0**	**0**	**0**	**0**	**0.0**	**0**	**0**	**0**	**0.0**	**0**	**0**	**0**

Estimated Capital Budget Expenditures

Agency Name	2025-27			2027-29			2029-31		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of State Treasurer	.0	0	0	.0	0	0	.0	0	0
Department of Financial Institutions	.0	0	0	.0	0	0	.0	0	0
Total $	**0.0**	**0**	**0**	**0.0**	**0**	**0**	**0.0**	**0**	**0**

Estimated Capital Budget Breakout

NONE

FNPID 71932

FNS029 Multi Agency rollup

Prepared by: Megan Tudor, OFM	Phone: (360) 890-1722	Date Published: Final 1/27/2025

Individual State Agency Fiscal Note

Bill Number: 5109 SB	Title: Mortgage lending fraud acc.	Agency: 090-Office of State Treasurer

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

Estimated Operating Expenditures from:
NONE

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:

☐ 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.

☒ 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).

☐ Capital budget impact, complete Part IV.

☐ Requires new rule making, complete Part V.

Legislative Contact:	Clinton McCarthy	Phone: 360-786-7319	Date: 01/13/2025
Agency Preparation:	Dan Mason	Phone: (360) 902-8990	Date: 01/27/2025
Agency Approval:	Dan Mason	Phone: (360) 902-8990	Date: 01/27/2025
OFM Review:	Megan Tudor	Phone: (360) 890-1722	Date: 01/27/2025

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.

SB 5109 amends the mortgage lending fraud prosecution account.
(1) removes the expiration date in RCW 36.22.181 and increases a surcharge.
(2) removes the expiration date in RCW 43.320.140.

The general fund is the recipient of the earnings from investments under RCW 43.79A.040(4).

There will be some de-minimis work for OST which can be completed within current practices and resources.

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.

Projected cash flows are currently unavailable; therefore, estimated earnings from investments are indeterminable.

There may be an impact on the debt service limitation calculation. Changes to the earnings credited to the general fund impacts, by an equal amount, general state revenues.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

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

NONE

III. D - Expenditures By Program (optional)

NONE

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

Part V: New Rule Making Required

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

Individual State Agency Fiscal Note

Bill Number: 5109 SB	Title: Mortgage lending fraud acc.	Agency: 102-Department of Financial Institutions

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

ACCOUNT	FY 2026	FY 2027	2025-27	2027-29	2029-31
Mortgage Lending Fraud Prosecution Account-Non-Appropriated 07A-6	1,052,610	1,302,940	2,355,550	3,701,165	3,028,358
Total $	1,052,610	1,302,940	2,355,550	3,701,165	3,028,358

Estimated Operating Expenditures from:
NONE

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:

☒ 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.

☐ 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).

☐ Capital budget impact, complete Part IV.

☒ Requires new rule making, complete Part V.

Legislative Contact:	Clinton McCarthy	Phone: 360-786-7319	Date: 01/13/2025
Agency Preparation:	Cale Zimmerman	Phone: (360) 902-0507	Date: 01/15/2025
Agency Approval:	Emily Fitzgerald	Phone: (360) 902-8780	Date: 01/15/2025
OFM Review:	Megan Tudor	Phone: (360) 890-1722	Date: 01/21/2025

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.

In 2003, the legislature established the Mortgage Lending Fraud Prosecution Account (MLFPA) in order to fund criminal prosecution of fraudulent activities related to mortgage lending. The Department of Financial Institutions (DFI) has administered the MLFPA since its creation in 2003. The original legislation had an expiration of June 30, 2006, which was amended in 2006, 2011, 2016, and 2021. The current date of expiration for the MLFPA is June 30, 2027. Funding for the MLFPA is generated by a $1 charge assessed when a deed of trust is recorded. This proposed legislation seeks to increase the $1 charge to $5 and removes the sunset clause.

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.

The MLFPA is funded by a $1 surcharge collected by the county auditor at the time of recording each deed of trust. The proposed legislation would increase that fee to $5 and remove the sunset clause. The County Auditor is permitted to retain up to 5% of the funds collected to administer the process of collecting the surcharge; therefore the MLFPA receives at least 95% of the total collected surcharges. The estimated cash receipts reflect the Department's portion of the gross surcharge collections as projected quarterly by the Office of Financial Management (OFM). Variances from quarter to quarter are covered by the existing fund balance. Current forecasts from OFM extend to fiscal year 2029. Projections for fiscal year 2030 and beyond are an average of fiscal years 2026 - 2029.

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.

DFI administers the MLFPA and authorizes expenditures from this fund in the form of contracts with prosecutors' offices. DFI does not expend MLFPA funds for its own regulatory activities. From 2022 to present, funds from the MLFPA have been used to resolve 30 cases resulting in more than $500,000 in restitution ordered. Due to the complexity and specialization of mortgage fraud cases, most of these would unlikely have seen prosecution.

The proposed legislation would increase the funding for the MLFPA account. Increased funding could result in contracts with additional prosecutors' offices and/or an increase in the number of cases being investigated. Expanded contracting efforts could also result in an increased need for in DFI staff time to manage the MLFPA account, but those costs would be absorbed.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

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

NONE

III. D - Expenditures By Program (optional)

NONE

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

Part V: New Rule Making Required

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

No, the Department of Financial Institutions does not anticipate rulemaking.

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 5109 SB	**Title:** Mortgage lending fraud acc.

Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

☐ Cities:

☒ Counties: The fee county auditors collect at the time of recording each deed of trust is increased from $1 to $5, and auditors retain 5% of the amount collected.

☐ Special Districts:

☐ Specific jurisdictions only:

☐ Variance occurs due to:

Part II: Estimates

☐ No fiscal impacts.

☐ Expenditures represent one-time costs:

☐ Legislation provides local option:

☐ Key variables cannot be estimated with certainty at this time:

Estimated revenue impacts to:

Jurisdiction	FY 2026	FY 2027	2025-27	2027-29	2029-31
County	55,400	68,575	123,975	194,797	159,386
TOTAL $	55,400	68,575	123,975	194,797	159,386
GRAND TOTAL $					478,158

Estimated expenditure impacts to:

None

Part III: Preparation and Approval

Fiscal Note Analyst: Hailey Brown	Phone: 360-725-5035	Date: 01/21/2025
Leg. Committee Contact: Clinton McCarthy	Phone: 360-786-7319	Date: 01/13/2025
Agency Approval: Alice Zillah	Phone: 360-725-5035	Date: 01/21/2025
OFM Review: Megan Tudor	Phone: (360) 890-1722	Date: 01/21/2025

Part IV: Analysis

A. SUMMARY OF BILL

Description of the bill with an emphasis on how it impacts local government.

The proposed legislation increases the fee county auditors collect at the time of recording each deed of trust from $1 to $5.

The auditor retains up to 5% of the collected fee, only for the purpose of administering the collection. The remaining funds shall be transmitted monthly to the state treasurer who will deposit the funds into the Mortgage Lending Fraud Prosecution Account (MLFPA) created in RCW 43.320.140.

B. SUMMARY OF EXPENDITURE IMPACTS

Expenditure impacts of the legislation on local governments with the expenditure provisions identified by section number and when appropriate, the detail of expenditures. Delineated between city, county and special district impacts.

This bill will have no expenditure impact on County Auditors and therefore no expenditure impact on local governments. According to the Washington State Association of County Auditors, this bill reflects current staff practice and does not trigger additional vendor fees that would create costs for counties.

C. SUMMARY OF REVENUE IMPACTS

Revenue impacts of the legislation on local governments, with the revenue provisions identified by section number, and when appropriate, the detail of revenue sources. Delineated between city, county and special district impacts.

The proposed legislation would increase the funds auditors will retain for each deed of trust filed. This bill seeks to increase the $1 charge to $5. The County Auditor is permitted to retain up to 5% of the funds collected to administer the process of collecting the surcharge; therefore the MLFPA receives at least 95% of the total collected surcharges.

The estimated cash receipts reflect the County Auditors' portion of the gross surcharge collections as projected quarterly by the Office of Financial Management (OFM). Variances from quarter to quarter are covered by the existing fund balance. Current forecasts from OFM extend to fiscal year 2029. Projections for fiscal year 2030 and beyond are an average of fiscal years 2026 - 2029. This bill results in a positive revenue impact to County Auditors.

SOURCES:
Washington State Association of County Auditors
Department of Financial Institutions Fiscal Note, SB 5109 (2025)

Multiple Agency Ten-Year Analysis Summary

Bill Number	Title
5109 SB	Mortgage lending fraud acc.

This ten-year analysis is limited to the estimated cash receipts associated with the proposed tax or fee increases.

Estimated Cash Receipts

	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
Office of State Treasurer	0	0	0	0	0	0	0	0	0	0	0
Department of Financial Institutions	1,052,610	1,302,940	1,695,110	2,006,055	1,514,179	1,514,179	1,514,179	1,514,179	1,514,179	1,514,179	15,141,789
Total	**1,052,610**	**1,302,940**	**1,695,110**	**2,006,055**	**1,514,179**	**1,514,179**	**1,514,179**	**1,514,179**	**1,514,179**	**1,514,179**	**15,141,789**

Ten-Year Analysis

Bill Number	Title	Agency
5109 SB	Mortgage lending fraud acc.	090 Office of State Treasurer

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

[X] **No Cash Receipts**

[ ] **Partially Indeterminate Cash Receipts**

[ ] **Indeterminate Cash Receipts**

Name of Tax or Fee	Acct Code											

Agency Preparation:	Dan Mason	Phone:	(360) 902-8990	Date:	1/27/2025 4:30:59 pm
Agency Approval:	Dan Mason	Phone:	(360) 902-8990	Date:	1/27/2025 4:30:59 pm
OFM Review:		Phone:		Date:	

Ten-Year Analysis

Bill Number	Title	Agency
5109 SB	Mortgage lending fraud acc.	102 Department of Financial Institutions

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
Mortgage Loan Fraud Prosecution Account Recording Fee	07A	1,052,610	1,302,940	1,695,110	2,006,055	1,514,179	1,514,179	1,514,179	1,514,179	1,514,179	1,514,179	15,141,789
Total		**1,052,610**	**1,302,940**	**1,695,110**	**2,006,055**	**1,514,179**	**1,514,179**	**1,514,179**	**1,514,179**	**1,514,179**	**1,514,179**	**15,141,789**
Biennial Totals		**2,355,550**		**3,701,165**		**3,028,358**		**3,028,358**		**3,028,358**		**15,141,789**

Narrative Explanation (Required for Indeterminate Cash Receipts)

In 2003, the legislature established the Mortgage Lending Fraud Prosecution Account (MLFPA) in order to fund criminal prosecution of fraudulent activities related to mortgage lending. The Department of Financial Institutions (DFI) has administered the MLFPA since its creation in 2003. The original legislation had an expiration of June 2006, which was amended in 2006, 2011, 2016, and 2021. The current date of expiration for the MLFPA is June 30, 2027. Funding for the MLFPA is generated by a $1 charge assessed when a deed of trust is recorded. This proposed legislation seeks to increase the $1 charge to $5 and removes the sunset clause.

The MLFPA is funded by a $1 surcharge collected by the county auditor at the time of recording each deed of trust. The proposed legislation would increase that fee to $5 and remove the sunset clause. The County Auditor is permitted to retain up to 5% of the funds collected to administer the process of collecting the surcharge; therefore th MLFPA receives at least 95% of the total collected surcharges. The estimated cash receipts reflect the Department's portion of the gross surcharge collections as projecte quarterly by the Office of Financial Management. Variances from quarter to quarter are covered by the existing fund balance. Current forecasts from OFM extend to fiscal year 2029. Projections for fiscal year 2030 and beyond are an average of fiscal years 2026 - 2029.

Ten-Year Analysis

Bill Number	Title	Agency
5109 SB	Mortgage lending fraud acc.	102 Department of Financial Institutions

Agency Preparation: Cale Zimmerman	Phone: (360) 902-0507	Date: 1/15/2025 2:11:01 pm
Agency Approval: Emily Fitzgerald	Phone: (360) 902-8780	Date: 1/15/2025 2:11:01 pm
OFM Review:	Phone:	Date: