Washington State Department of Commerce

Foreclosure Fairness Program

Annual report on program performance per RCW 61.24.163

July 2025

Report to the Legislature

Director Joe Nguyễn

HOMEOWNERSHIP UNIT
FORECLOSURE FAIRNESS PROGRAM

v3.5.1

Acknowledgments

Washington State Department of Commerce
Tedd Kelleher, Interim Assistant Director, Housing Division

Ann Campbell, Managing Director, Homeownership Unit

Kay Murano, Assistant Managing Director, Homeownership Unit

Lisa Sohni, Homeownership Support Programs Manager

Kyle Jung, Program Manager, Foreclosure Fairness Program

Jazmin Calmer, Program Specialist, Foreclosure Fairness Program

Washington State Housing Finance Commission
Steve Walker, Executive Director

Washington State Office of the Attorney General
Nick Brown, Attorney General

Office of Civil Legal Aid
Sara Robbins, Director

Special thanks to the Dispute Resolution Centers, the Washington Homeownership Resource Center, Northwest Justice Project, mediators, attorneys and housing counselors who collaborate with the Department of Commerce to implement and deliver the Foreclosure Fairness Program.

Lisa Sohni
lisa.sohni@commerce.wa.gov

Kyle Jung
kyle.jung@commerce.wa.gov

FORECLOSURE FAIRNESS PROGRAM
1011 Plum St. SE
P.O. Box 42525
Olympia, WA 98504-2525

www.commerce.wa.gov

For people with disabilities, this report is available on request in other formats. Users of Washington Relay may submit a request by calling 360-725-4000.

Table of contents

Executive summary **4**

Introduction **6**

Program outcomes **11**

Legislative updates **16**

Recommendations **18**

Executive summary

Overview

This report provides Foreclosure Fairness Program (FFP) data for state fiscal years 2023 and 2024 (July 1, 2022, to June 30, 2024) to satisfy RCW 61.24.163(18) and includes additional programmatic context and background. Table 1 maps the location of the required reporting elements in this report.

The full text of the legislative reporting requirement is below:

> Beginning December 1, 2012, and every year thereafter, the department shall report annually to the Legislature on:
> (a) The performance of the program, including the numbers of borrowers who are referred to mediation by a housing counselor or attorney;
> (b) The results of the mediation program, including the number of mediations requested by housing counselors and attorneys, the number of certifications of good faith issued, the number of borrowers and beneficiaries who failed to mediate in good faith, and the reasons for the failure to mediate in good faith, if known, the numbers of loans restructured or modified, the change in the borrower's monthly payment for principal and interest and the number of principal write-downs and interest rate reductions, and, to the extent practical, the number of borrowers who report a default within a year of restructuring or modification;
> (c) The information received by housing counselors regarding outcomes of foreclosures; and
> (d) Any recommendations for changes to the statutes regarding the mediation program.

Table 1: Locations of annual reporting requirements in this report

Subsection	Statutory language	Location
(a)	"The performance of the program, including the numbers of borrowers who are referred to mediation by a housing counselor or attorney."	Table 2
(b)	"The results of the mediation program, including the number of mediations requested by housing counselors and attorneys."	Table 3, Table 5, Table 6, and Table 7
(b)	"The number of certifications of good faith issued, the number of borrowers and beneficiaries who failed to mediate in good faith, and the reasons for the failure to mediate in good faith, if known, the numbers of loans restructured or modified."	Table 5, Table 6, Table 7, and Table 8
(b)	"The change in the borrower's monthly payment for principal and interest, and the number of principal write-downs and interest rate reductions."[1]	Table 5
(b)	"To the extent practical, the number of borrowers who report a default within a year of restructuring or modification."	Commerce conducted a survey in 2014, which determined that this information is unavailable.[2]
(c)	"The information received by housing counselors regarding outcomes of foreclosures."	Table 3 and Table 4
(d)	"Any recommendations for changes to the statutes regarding the mediation program."	Recommendations

[1] Chapter 61.24.163(18)(b) RCW requires Commerce report on "the change in the borrower's monthly payment for principal and interest." This data is contained in private documents that are not available to Commerce and is therefore not included in this report.
[2] The results of the survey can be found within the 2014 Foreclosure Fairness Program Annual Report beginning on page 25.

Please note that this report combines required data outputs for state fiscal years (SFY) 2023 and 2024. It fulfills the department's statutory reporting obligations for SFY 2024 and corrects the delayed reporting for SFY 2023.

Key findings

- The FPP was improved with the passage of Chapter 206, Laws of 2023 (HB 1349). The legislation changed the referral timeline to provide more time for borrowers to access foreclosure mediation. See the Legislative updates section for more information.
- Federal funding provided via the Homeowner Assistance Fund provided relief to homeowners facing foreclosure and reduced reliance on program revenue for administrative costs.
- Program funding remains uncertain as low program revenue persists and access to federal funds is set to expire by June 2025. See the Recommendations section for an acknowledgment of recent programmatic changes made during the 2025 legislative session.
- Referrals to foreclosure mediation continue to rise after the conclusion of the federal COVID-19 pandemic foreclosure moratorium. See the Program outcomes section for more information.
- Commerce is statutorily required to provide annual reports to the Legislature. However, these static reports contain data that is at least six months old at the time of publication. To provide more recent data for legislators and other interested parties, Commerce is developing an online dashboard that will be updated every quarter.[3]

[3] The Foreclosure Fairness Program shares quarterly FFP reports in the Program Performance and Updates folder on the Foreclosure Fairness Program webpage to ensure decision-makers and stakeholders have the most up-to-date and relevant program data. Please note, links and information are subject to change. Please reach out to FFP program contacts for assistance finding program data on our website.

Introduction

Background

The Foreclosure Fairness Program (FFP) was created in 2011 in response to the significant number of foreclosures resulting from the Great Recession. The program allows borrowers facing foreclosure to find alternatives by demanding mediation with their lenders (beneficiaries) to look for alternatives to foreclosure. In 2013, the second full year of the program's operation, there were more than 37,000[4] foreclosures statewide, and the mediation program received more than 2,500 referrals.[5] As the state recovered from the recession, foreclosures and referrals declined steadily.

The success of the FFP is directly related to the relationships established with all stakeholders involved. The primary stakeholders include homeowner advocates, the banking industry, trustees, mediators, housing counselors, attorneys and the state program partners identified in this report.

Overall, the creation of the FFP was intended to:

- Reshape the non-judicial foreclosure[6] process in Washington to help protect homeowners from avoidable foreclosures
- Ensure the process is fair and transparent, even when foreclosure is unavoidable, and allow both borrower and beneficiary to meet and make well-informed decisions

Overview of the Foreclosure Fairness Program

The Foreclosure Fairness Act and the corresponding FFP enable borrowers to access no-cost foreclosure prevention assistance. Through the Washington State Homeownership Resource Center (WHRC), borrowers can access services before, during, and after beginning the foreclosure process. Homeowners can also choose to pay for representation by a private attorney.

Negative effects of foreclosure

Losing a home has many adverse effects, primarily financial. For many middle and low-income households, their homes are their largest assets. Homeownership has long been viewed as a sound investment opportunity to fund retirement, provide for a dependent's education, and ensure general financial stability.[7]

The assets a family loses due to foreclosure can reverberate across several generations through lost inheritances.[8] A foreclosure will result in a significant loss of points on a borrower's credit report.[9] That effect lasts up to seven years, during which the borrower has limited access to credit at affordable rates. Tax implications can also occur if the Internal Revenue Service (IRS) identifies any forgiven debt as income.

---

[4] From unpublished data provided by Zillow.
[5] From the Commerce Foreclosure Fairness Program database.
[6] Washington is a "non-judicial foreclosure", meaning that a lender can opt to foreclose on a property through a third party, the trustee, and not through the court system: Washington State Foreclosure Fairness Program
[7] Federal Reserve Bank of New York, "SCE Housing Survey" (2019). SCE Housing Survey - FEDERAL RESERVE BANK of NEW YORK.
[8] Saegert et al, Mortgage Foreclosure and Health Disparities: Serial Displacement as Asset Extraction in African American Populations - PMC (nih.gov), Journal of Urban Health: Bulletin of the New York Academy of Medicine, Vol. 88, No. 3, (2011)
[9] Experian, "Understanding Foreclosure," (2020)

Benefits of mediation

Mediation yields many benefits to beneficiaries and homeowners. Both parties benefit from a structured and organized mediation process that provides the opportunity to engage in a facilitated discussion about alternatives to foreclosure. For the borrower, a loan modification might result in the reduction of their mortgage principal, an interest rate reduction, and lower, more affordable monthly payments. For the beneficiary, achieving agreements and creative solutions in mediation to avoid foreclosure often saves the lender from having to expend substantial legal fees if the foreclosure process continues on the property.

However, not all successful mediations result in the borrower keeping the home. When a family's income or other circumstances make it impossible to keep the home, a non-retention agreement can give a borrower more time to leave or sell on their terms. Non-retention agreements can also help preserve or improve a borrower's financial stability.

Program funding

The FFP is funded by fees paid by financial institutions (beneficiaries). As of January 1, 2022, each beneficiary must pay a $250 fee into the Foreclosure Fairness Account, an account established by RCW 61.24.172, for each residential real property issued a notice of default in Washington during a given quarter.[10] The statutory language for this fee is in RCW 61.24.190. The Recommendations section provides information about the status of program funding.

The fund pays for the following:

- Free-to-homeowners foreclosure counseling
- Consumer protection and enforcement of the Foreclosure Fairness Act
- Ongoing administration and oversight of the mediation process
- Foreclosure prevention outreach and education
- Legal assistance for low- and moderate-income homeowners

Agency partner roles and responsibilities

The Foreclosure Fairness Act (FFA) assigns the Department of Commerce the primary responsibility for developing and managing the FFP.

The agency collaborates with the following entities to perform the work:

- Washington State Housing Finance Commission (WSHFC)
- Office of the Attorney General (AGO)
- Office of Civil Legal Aid (OCLA)
- Department of Financial Institutions (DFI)

The FFP also partners with:

- The Washington Homeownership Resource Center
- Northwest Justice Project
- Dispute Resolution Centers[11]
- Mediators
- Attorneys (private and civil legal aid)
- Housing counselors

---

[10] Beneficiaries who issued fewer than 250 notices of default in a calendar year are exempt from this fee per RCW 61.24.190(6)(a)
[11] Dispute Resolution Centers provide affordable mediation to resolve several types of disputes: https://www.resolutionwa.org/

Washington State Department of Commerce

Commerce is charged with the overall management of the program and the administration of the Foreclosure Fairness Fund. It recruits, trains and approves mediators, receives referrals, and assigns mediators to eligible cases. Additionally, Commerce is responsible for maintaining a list of approved foreclosure mediators.

The FFA identifies the following groups as eligible to become foreclosure mediators:

- Attorneys
- Retired judges
- U.S. Department of Housing and Urban Development-approved counselors
- Employees and volunteers of Dispute Resolution Centers

Commerce requires participating mediators to take foreclosure mediation training and have additional documented mediator training and experience.[12] Currently, 48 active mediators are on Commerce's approved list.[13] Mediators have full discretion in conducting the sessions and facilitating the mediation process. They aim to assist the parties with achieving positive outcomes whenever possible.

Washington State Housing Finance Commission

The Washington State Housing Finance Commission (WSHFC) administers a homeowner-counseling program, as the Foreclosure Fairness Act requires. WSHFC also oversees the toll-free Washington Homeownership Resource Hotline (1-877-894-HOME (4663)), providing homeowners with free foreclosure prevention counseling.

Washington Homeownership Resource Center

The Homeownership Resource Hotline (1-877-894-HOME (4663)) is administered by the Washington State Homeownership Resource Center (WHRC). By law, banks and loan servicers are required by Washington state law to supply the hotline phone number to all homeowners who are late on a payment or facing default on their mortgage.

Much of the FFP funds directed to the WSHFC support free-to-consumers foreclosure-related housing counseling services throughout the state, including:

- Information and referrals
- Preparation for and representation at meet-and-confer sessions
- Preparation for and representation at mediation
- Homeowner education and participation in community projects benefiting homeowners

Washington State Office of the Attorney General

The Office of the Attorney General's Consumer Protection Division created the Foreclosure Compliance Program to enforce the Deed of Trust Act (chapter 61.24 RCW) and investigate complaints related to foreclosure.

Office of Civil Legal Aid

The Office of Civil Legal Aid (OCLA) contracts with qualified legal aid programs to provide no-cost legal assistance to low- and moderate-income homeowners in matters related to foreclosure. Commerce

---

[12] Washington State Department of Commerce, "Interested in Becoming a Mediator?", (2013), ffp-interested-in-becoming-mediator-2013.pdf (wa.gov)
[13] Washington State Department of Commerce

collaborates with OCLA to provide this assistance. OCLA currently grants all of the Foreclosure Fairness Act funds it receives to Northwest Justice Project, which provides statewide support for this work.[14]

Northwest Justice Project
Northwest Justice Project (NJP) provides housing counseling services and no-cost legal services to low- and moderate-income homeowners facing foreclosure. These legal services include representation in defense of all forms of foreclosure, including mortgage, property tax, utility lien, court-ordered forced sale and homeowner/community associations.

Borrowers in danger of losing their homes often need help addressing civil legal issues in addition to foreclosure. NJP's advocates address other consumer needs in certain instances to achieve greater economic security. That might mean challenging or negotiating other debts and liabilities, or helping the homeowner apply for property tax relief to reduce monthly expenses. The advocates refer homeowners to other resources or community partners in instances beyond their expertise.

Path to mediation

The following section provides an overview of the foreclosure mediation process as of April 2025 to contextualize the data displayed throughout the report.

Meet and confer period

The "meet and confer" established in the Deeds of Trust Act identifies notification steps before foreclosure:

1. Lenders (Beneficiaries) must issue Notice of Pre-Foreclosure Options letters at least 30 days before issuing Notices of Default. Notices of Pre-Foreclosure Options letters explain to borrowers that they are in danger of losing their homes, that free housing counseling is available to help them understand their options, and that they may have an option for mediation. The letters also inform borrowers of the opportunity to meet with the beneficiaries to try to resolve the issue, known as the "meet and confer" meeting.

2. If the borrower responds to the Notice of Pre-Foreclosure Options and requests a "meet and confer," a Notice of Default cannot be issued for an additional 60 days.

3. After the Notice of Default is issued, beneficiaries must wait at least 30 days before recording a Notice of Trustee's Sale.

Referral to mediation

Following the "meet and confer" period, beneficiaries and borrowers may meet for mediation:

4. Borrowers become eligible for mediation once a Notice of Default is issued. Borrowers remain eligible until 90 days before the date of sale listed in the Notice of Trustee's Sale or 25 days before the date of sale listed in an Amended Notice of Trustee's Sale.[15] Voluntary mediation is available if beneficiaries are exempt from mediation or if borrowers were referred to mediation after the referral request deadline. However, beneficiaries are not required to agree to participate in mediation.

---

[14] Data representing NJP's housing counselor services is included in data provided by the WSHFC.
[15] This timeline became effective on July 23, 2023, due to the passage of HB 1349 (2023). See 1349.SL.pdf (wa.gov)

5. Borrowers must be referred to Commerce for mediation by housing counselors or attorneys. Housing counselors' services are free to borrowers.

6. Upon receipt of completed referrals, Commerce has 10 days to assign mediators and notify all parties that mediation was requested.

7. Assigned mediators have 70 days to commence initial mediation sessions, possibly extending beyond 70 days if both parties agree to an extension. Once the mediation process begins, the parties will incur a fee, split evenly between borrowers and beneficiaries, paid directly to mediators. The participants in the mediation must address the issues of foreclosure that may enable the parties to come to an agreed-upon resolution. To do this, mediators will ask the participants to consider the borrower's economic position, the net present value for beneficiaries of receiving payments from a modified mortgage compared to the recovered costs following foreclosure, affordable modifications and any applicable loss mitigation guidelines for loans insured by the Federal Housing Administration, the Veterans Administration, or the Rural Housing Service.

Mediation certification:

8. Within seven business days of the completion of mediation, mediators must certify the mediation outcomes to Commerce and send copies of the certifications to all parties involved.

9. The certifications must indicate whether resolutions were reached, describe the resolutions and indicate whether the parties participated in good faith.

10. If no agreement was reached, the mediator must also describe the Net Present Value analysis used and its results.

11. Findings that beneficiaries did not act in good faith constitute a defense to non-judicial foreclosure actions. Borrowers may use these findings in court to stop foreclosures.

12. Commerce receives all certifications from mediators and sends copies of the certification showing "Beneficiary Not in Good Faith" to the Office of the Attorney General (AGO) and to the Department of Financial Institutions (DFI) for review.

13. Findings that borrowers failed to mediate in good faith authorize beneficiaries to proceed with foreclosures.

Program outcomes

Program data is collected and presented in two ways:

1. Cumulative program data over the life of the program, from SFY 2012 through 2024
2. Data from SFY 2023 and 2024 independently

Tables 2-8 show data as required in statute. For a navigational guide through the data and the statutory reporting requirements, please refer to Table 1 in the Executive summary. Table 2 reflects an overview of mediation referrals the FFP has received overall and separately in SFY 2024.

Table 2: Mediation referrals for SFY 2023, 2024 and since the program start

Mediation referrals	Cases in 2023	Cases in 2024	Cases since program start, 2012-2024
Total mediation referrals received	504	399	13,077
Referred by housing counselors	320 (63.5%)	257 (64.4%)	5,924 (45.3%)
Referred by attorneys (private and civil legal aid)	184 (36.5%)	142 (35.6%)	7,153 (54.7%)
Cases assigned to mediators*	458	367	11,538
Cases completed/closed**	335	438	11,328
Cases ineligible for mediation***	37	27	1,293

Source: Washington State Department of Commerce
* Includes cases that have been mediated, closed, or pending an outcome.
** The Figure for SFY 2024 may be greater than the total number of referrals received due to carryover from prior years' cases.
*** Cases are typically deemed ineligible because the beneficiary was exempt or the referral submission missed the statutory eligibility timeframe.

Table 3: Housing counseling agencies' overall outputs and outcomes in SFY 2023 and 2024

Category description	Cases in 2023	Cases in 2024
Clients	17,511	16,846
Referrals to other services	46,218	55,788
Pending outcomes (still in counseling)	3,078	2,665
Withdrawals from counseling	558	728
Home retention agreements	1,332	1,057
Non-retention agreements	204	39
No agreements	632	313
Foreclosures	16	9

Source: Washington State Housing Finance Commission

Data in Table 4 reflects housing counselors' services to borrowers requesting meet-and-confer sessions. In the foreclosure process, meet-and-confer sessions take place before mediation. This table does not include information on such services provided by private attorneys, who are not required to report their activities. The FFP funds services provided by HUD-certified housing counselors and legal aid attorneys who report their activities regularly to the WSHFC.

Table 4: Housing counselors' meet-and-confer outcomes, SFY 2023 and 2024

Category description	Cases in 2023	Cases in 2024
Number of meet and confer sessions attended	1,266	1,457
Number of pending outcomes	683	2,665
Number of withdrawals from counseling	15	728
Number of home-retention agreements	396	1,057
Number of non-retention agreements	170	39
Number of no agreements	7	313

Source: Washington State Housing Finance Commission

Tables 5, 6, 7 and 8 reflect the outcomes of cases certified since the program's inception, with SFY 2023 and 2024 results extracted. These tables contain data from the FFP database and include referrals from housing counselors, legal aid attorneys and private attorneys.

Table 5: Mediation session outcomes where agreements were reached, SFY 2023, 2024, and since the program start

Outcomes	Cases in 2023	Cases in 2024	Cases 2012-2024
Mediation session(s) occurred — agreement reached	**105**	**156**	**3,414**
Borrower stayed in home (subcategories below are not mutually exclusive)	**75**	**117**	**2,624**
• Reinstatements	34	64	326
• Repayments	8	9	99
• Extension	2	3	213
• Adjusted rate to fixed rate	0	2	233
• Amortization extensions	1	10	537
• Interest rate reductions	3	2	990
• Principal reductions	2	1	122
• Monthly principal payment reductions	1	2	393
• Monthly interest payment reductions	0	1	275
• Refinances	2	0	72
• Other loan structures/modifications	29	41	1,008
• Principal forbearances	0	0	179
• Interest forbearances/write-offs	0	0	47
• Fees and penalties forbearances/write-offs	1	0	38
• Other forbearances*	0	0	74

Source: Washington State Department of Commerce
* Because of the way the certification is structured, Commerce cannot identify unique restrictions and modifications.

Table 6: Outcomes in which no mediation session occurred, SFY 2023, 2024, and since program start

Outcomes in which no mediation session occurred	Cases in 2023	Cases in 2024	Cases 2012-2024
Number of assigned referrals in which no mediation session occurred	183	237	4,762
Home-retention agreement reached before the session	129	165	2,604
Non-retention agreement reached before the session	8	19	335
Borrower withdrawal from mediation (not included in other categories)	6	10	700

Source: Washington State Department of Commerce

Table 7: Mediation session outcomes - borrower did not stay in the home, SFY 2023, 2024 and since the program start

Non-Retention (categories are not mutually exclusive)	Cases in 2023	Cases in 2024	Cases 2012-2024
Deeds in lieu	0	0	55
Short sales	1	0	238
Voluntary surrenders	0	0	49
Cash for keys	0	0	30
Other non-retention agreements*	35	41	543

Source: Washington State Department of Commerce
* This includes postponing the trustee's sale date, delaying the recording of the notice of trustee's sale, and enforcing other non-retention agreements.

Table 8: Mediation session outcomes - findings of not in good faith, SFY 2023, 2024 and since the program start

Findings of not-in-good-faith	Cases in 2023	Cases in 2024	Cases 2012-2024
Borrower not in good faith*	37	55	1,165
Beneficiary not in good faith	5	4	358
Both borrower and beneficiary not in good faith**	0	0	31

Source: Washington State Department of Commerce
* Typically reported reasons for lack of good faith for either or both the borrower and beneficiary include: Lack of timely or accurate provisioning of documents to the mediator or other party; failure to appear at or participate in mediation; failure to pay the mandated share of the mediation fee; beneficiary's representative was not authorized to make binding decisions.
** Even though the certification specifically tracks parties "not in good faith," multiple outcomes are not explicitly tracked as being in "good faith."

Figure 1: Mediation referrals received by quarter - October 2019 - September 2024

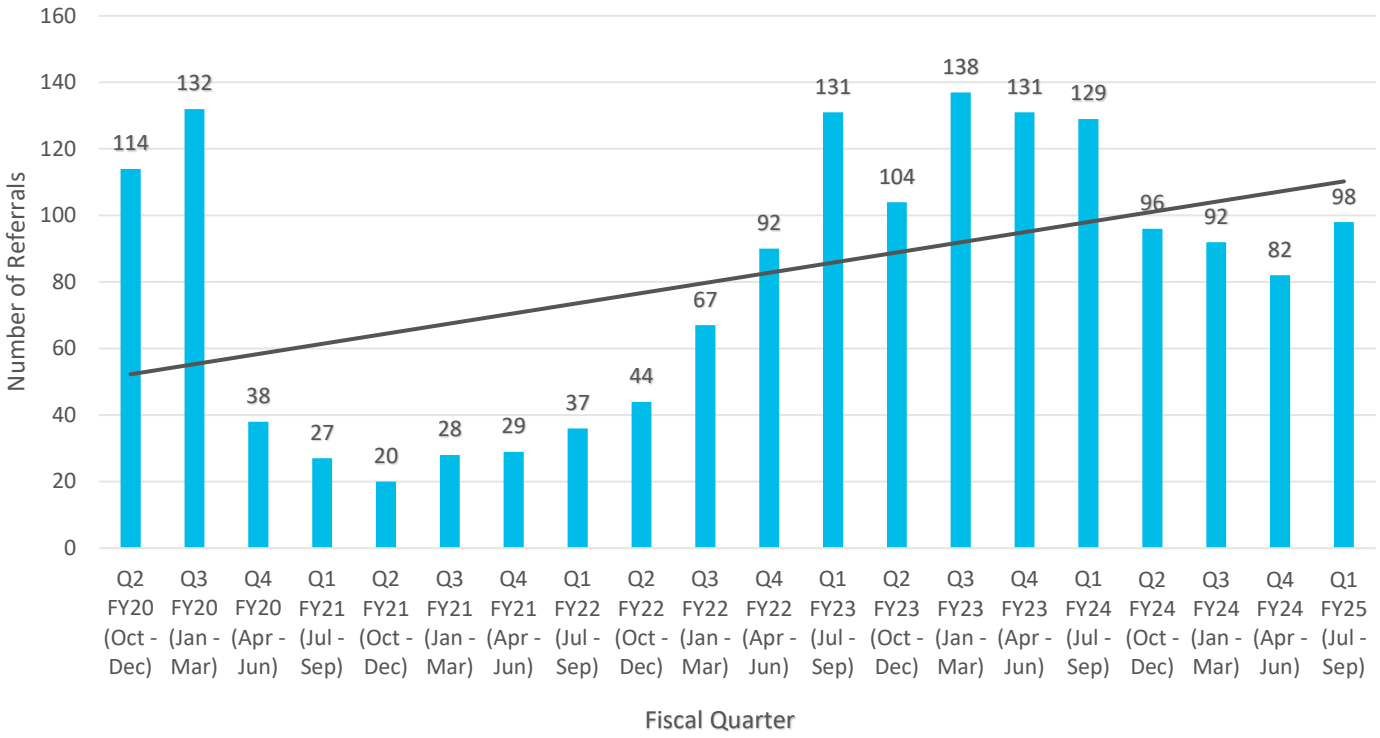


Table 9: Mediation referrals received by counties, SFY 2023, 2024 and since the program start

County	Cases 2012-2024	Share of cases	Cases in 2023	Share of cases	Cases in 2024	Share of cases
Adams	5	0.04%	0	0%	1	0.25%
Asotin	12	0.09%	2	0.40%	1	0.25%
Benton	97	0.74%	13	2.58%	7	1.75%
Chelan	61	0.47%	3	0.60%	0	0%
Clallam	55	0.42%	5	0.99%	1	0.25%
Clark	610	4.66%	25	4.96%	16	4.01%
Columbia	5	0.04%	1	0.20%	1	0.25%
Cowlitz	94	0.72%	7	1.39%	6	1.50%
Douglas	30	0.23%	2	0.40%	3	0.75%
Ferry	3	0.02%	0	0%	0	0%
Franklin	35	0.27%	3	0.60%	3	0.75%
Garfield	4	0.03%	0	0%	0	0%
Grant	46	0.35%	6	1.19%	4	1.00%
Grays Harbor	56	0.43%	3	0.60%	7	1.75%
Island	124	0.95%	9	1.79%	1	0.25%
Jefferson	41	0.31%	2	0.40%	1	0.25%

County	Cases 2012-2024	Share of cases	Cases in 2023	Share of cases	Cases in 2024	Share of cases
King	4,733	36.19%	114	22.62%	106	26.57%
Kitsap	372	2.84%	14	2.78%	15	3.76%
Kittitas	25	0.19%	1	0.20%	1	0.25%
Klickitat	6	0.05%	0	0%	1	0.25%
Lewis	89	0.68%	8	1.59%	10	2.51%
Lincoln	14	0.11%	3	0.60%	2	0.50%
Mason	89	0.68%	5	0.99%	7	1.75%
Okanogan	30	0.23%	3	0.60%	2	0.50%
Pacific	16	0.12%	0	0%	2	0.50%
Pend Oreille	18	0.14%	2	0.40%	0	0%
Pierce	2,146	16.41%	91	18.06%	69	17.29%
San Juan	26	0.20%	1	0.20%	0	0%
Skagit	181	1.38%	11	2.18%	5	1.25%
Skamania	12	0.09%	1	0.20%	0	0%
Snohomish	2,081	15.91%	51	10.12%	52	13.03%
Spokane	1,057	8.08%	52	10.32%	34	8.52%
Stevens	35	0.27%	4	0.79%	1	0.25%
Thurston	396	3.03%	29	5.75%	21	5.26%
Wahkiakum	3	0.02%	0	0%	0	0%
Walla Walla	36	0.28%	6	1.19%	2	0.50%
Whatcom	244	1.87%	14	2.78%	10	2.51%
Whitman	7	0.05%	3	0.60%	0	0%
Yakima	183	1.40%	10	1.98%	7	1.75%
Total	**13,077**	**100%**	**504**	**100%**	**399**	**100%**

Source: Washington State Department of Commerce

Legislative updates

This report was drafted before the 2025 legislative session. It does not include a detailed discussion of Chapter 393, Laws of 2025 (SB 5686). The Recommendations section was rewritten to reflect the changes in that legislation. The December 2025 Foreclosure Fairness Program legislative report will describe statutory changes that impact the program from the 2025 legislative session.

Chapter 206, Laws of 2023 (HB 1349)

The Legislature passed Chapter 206, Laws of 2023 (HB 1349), amending the Foreclosure Fairness Act with direct changes to the foreclosure mediation program. Two of the most significant changes include implementing a new mediation referral timeline and revising the eligibility of successors in interest participating in foreclosure mediation.

Referral timeline revision

Before the passage of Chapter 206, Laws of 2023 (HB 1349), the mediation referral timeline was outlined as follows:

> The referral to mediation may be made any time after a notice of default has been issued but no later than 20 days after the date a notice of trustee's sale has been recorded.

Beginning July 23, 2023, as outlined by Chapter 206, Laws of 2023 (HB 1349), the new foreclosure mediation timeline is described as follows:

> The referral to mediation may be made any time after a notice of default has been issued but no later than 90 days prior to the date of sale listed in the notice of trustee's sale. If an amended notice of trustee's sale is recorded after the trustee sale has been stayed pursuant to RCW 61.24.130, the borrower may be referred to mediation no later than 25 days prior to the date of sale listed in the amended notice of trustee's sale.

For homeowners facing foreclosure who have had a notice of trustee's sale recorded against them, the new timeline gives them, on average, **ten additional days** to be referred to foreclosure mediation by a housing counselor or an attorney. Since the implementation of the new mediation referral timeline and throughout SFY 2024, more than **30 homeowners** have been able to participate in mediation when they would have been ineligible to do so if the previous timeline were still in place.

Successors in interest mediation eligibility revision

Before the passage of Chapter 206, Laws of 2023 (HB 1349), successors in interest of a deceased homeowner were required to occupy the property experiencing foreclosure to be eligible to participate in mediation. Chapter 206, Laws of 2023 (HB 1349) removed the owner-occupied requirement for successors in interest, allowing more individuals experiencing foreclosure access to mediation.

The removal of the owner-occupied requirement for successors in interest became effective July 23, 2023, and several eligible successors in interest have taken advantage of the programmatic change throughout SFY 2024.

Homeowner assistance fund

On March 11, 2021, President Joe Biden signed the American Rescue Plan Act, passed by the United States Congress, which included the Homeowner Assistance Fund (HAF). Under the HAF program, federal funds are available to qualified homeowners who are behind on their mortgages due to hardship caused by the COVID-19 pandemic. The United States Department of the Treasury requires each state to submit a HAF plan to receive federal funds. Through this program, Washington was allocated $173.1 million to implement and operate the program.

The Washington State Housing Finance Commission (WSHFC) administers the Washington HAF program. The WSHFC approved Washington's HAF plan on March 24, 2022. The Washington HAF program connects Washington homeowners with HUD-certified housing counselors who provide free individual support and assist homeowners with navigating their options to prevent foreclosure. Under the Washington HAF program, qualified Washington homeowners behind on their mortgage due to a pandemic hardship are eligible for federal relief funds of up to $60,000 per household.

In addition to reinstating mortgages in default, HAF funds can also be utilized to assist homeowners with delinquent home-related insurance, delinquent homeowners and condo association fees, and delinquent property taxes, as well as assist with loan modifications.[16]

The HAF program is set to expire in June 2025. See the Recommendations section for more information regarding the effects this funding expiration will have on the program.

[16] Welcome - Washington Homeowner Assistance Fund

Recommendations and next steps

This report was drafted before the 2025 legislative session. It originally included a recommendation to the Legislature to secure sustainable funding for the program. During this report's review process, the Legislature passed Chapter 393, Laws of 2025 (SB 5686), so this section has been updated to reflect that change.

Ensure program funding sustainability

It is important to Washington residents that this program continues so that homeowners are offered the opportunity to meet with their lenders to identify possible alternatives to foreclosure. Various benefits have been identified through the foreclosure mediation process that provide value to homeowners and beneficiaries, beyond the initial foreclosure crisis. By preventing avoidable foreclosures through mediation and housing counseling services, borrowers can often retain their homes, and beneficiaries can avoid costly legal processes associated with completing a foreclosure action. Sufficient and sustainable funding is necessary to consistently maintain the Foreclosure Fairness Program's essential services.

Background on program funding

The program spent the established program funds and the funds received through the National Foreclosure Settlement Agreement before SFY 2020 and the COVID-19 pandemic. Program funding generated through notice of default fees was absent during the COVID-19 pandemic due to state and federal foreclosure moratoria and mortgage forbearance protections, because financial institutions were not remitting fees into the Foreclosure Fairness Account as part of the foreclosure process.

Federal funding from the American Rescue Plan, allocated for the administration and implementation of the Homeowners Assistance Fund (HAF), will also be depleted by June 30, 2025. Federal funding for HAF has heavily supplemented the costs associated with housing counselors and housing counseling services throughout the state since 2021. The existing notice of default fee was not generating enough revenue to support the program activities. Only recently has post-pandemic data provided a realistic picture of the financial resources available through program income and the demand for those resources needed by households facing foreclosure.

Next steps after passage of Chapter 393, Laws of 2025 (SB 5686)

Passage of Chapter 393, Laws of 2025 (SB 5686) made significant changes to the financial outlook for the program, including adding a new revenue source, changing the fund distribution formula to program partners, and expanding eligibility to more homeowners. Commerce estimated that the new revenue will bring in an additional $7,120,000 each year, which may be enough to maintain existing services and expand services to newly eligible homeowners for the foreseeable future. The fee reporting requirement in Section 10 of SB 5686 suggests the Legislature will actively monitor the program's financial condition. Commerce will continue to work with legislative and other stakeholders to ensure the new fee revenue and revenue sharing formula support the program activities sustainably.

Commerce and program partners participate in a stakeholder group that convenes to explore issues affecting foreclosures in Washington. Potential changes to the Foreclosure Fairness Act, including programmatic funding issues, are ongoing topics of conversation. Those meetings typically begin in November and continue through the following legislative session.

Annual reporting

By statute, Commerce is required to provide an annual report to the Legislature. Decision-making for the FFP is driven by an active and engaged stakeholder group, including:

- Members of the Legislature
- Commerce staff
- Borrowers' advocates (housing counselors and attorneys)
- Beneficiaries' advocates (attorneys and trustees)
- Representatives from the financial institutions (lenders, mortgage bankers and credit unions).

The stakeholder meetings, where decisions about the program's future direction are held, often occur after the report is published. Once the report is published, the data is at least six months old.

Next steps

Online dashboard

Commerce is developing an online dashboard that will be updated quarterly to give stakeholders easier access to the most recent data available. The annual legislative report will continue to summarize annual program data, provide context about the program's operating environment, and contain recommendations to the Legislature as needed.

New reporting requirements

Commerce will submit a report by Dec. 31, 2025, in response to Section 10 of Chapter 393, Laws of 2025 (SB 5686), containing the number and amounts of fees collected from the new fee source in Section 8 of the SB 5686 between July 1, 2025, and November 30, 2025. Fee collection data will be published online in 2026 and thereafter, as directed in the bill.

The program's annual legislative reports will include the new reporting requirements in Section 3 of Chapter 393, Laws of 2025 (SB 5686).