Z-0412.1

SENATE BILL 5831

State of Washington 69th Legislature 2026 Regular Session

By Senators Dozier, Pedersen, Kauffman, Nobles, Riccelli, Shewmake, and J. Wilson; by request of Uniform Law Commission

Prefiled 12/04/25. Read first time 01/12/26. Referred to Committee on Business, Trade & Economic Development.

AN ACT Relating to the uniform mortgage modification act; and adding a new chapter to Title 61 RCW.

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

NEW SECTION. **Sec. 1.** SHORT TITLE. This chapter may be known and cited as the uniform mortgage modification act.

NEW SECTION. **Sec. 2.** DEFINITIONS. The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Electronic" means relating to technology having electrical, digital, magnetic, wireless, optical, electromagnetic, or similar capabilities.

(2) "Financial covenant" means an undertaking to demonstrate an obligor's creditworthiness or the adequacy of security provided by an obligor.

(3) "Modification" includes change, amendment, revision, correction, addition, supplementation, elimination, waiver, and restatement.

(4) "Mortgage":

(a) Means an agreement that creates a consensual interest in real property to secure payment or performance of an obligation, regardless of:

(i) How the agreement is denominated, including a mortgage, deed of trust, trust deed, security deed, indenture, and deed to secure debt; and

(ii) Whether the agreement also creates a security interest in personal property; and

(b) Does not include an agreement that creates a consensual interest to secure a liability owed by a unit owner to a condominium association, owners' association, or cooperative housing association for association dues, fees, or assessments.

(5) "Mortgage modification" means modification of:

(a) A mortgage;

(b) An agreement that creates an obligation, including a promissory note, loan agreement, or credit agreement; or

(c) An agreement that creates other security or credit enhancement for an obligation, including an assignment of leases or rents or a guaranty.

(6) "Obligation" means a debt, duty, or other liability, secured by a mortgage.

(7) "Obligor" means a person that:

(a) Owes payment or performance of an obligation;

(b) Signs a mortgage; or

(c) Is otherwise accountable, or whose property serves as collateral, for payment or performance of an obligation.

(8) "Person" means an individual, estate, business or nonprofit entity, government or governmental subdivision, agency, or instrumentality, or other legal entity.

(9) "Recognized index" means an index to which changes in the interest rate may be linked that is:

(a) Readily available to, and verifiable by, the obligor; and

(b) Beyond the control of the person to whom the obligation is owed.

(10) "Record," used as a noun, means information:

(a) Inscribed on a tangible medium; or

(b) Stored in an electronic or other medium and retrievable in perceivable form.

(11) "Sign" means, with present intent to authenticate or adopt a record:

(a) Execute or adopt a tangible symbol; or

(b) Attach to or logically associate with the record an electronic symbol, sound, or process.

NEW SECTION. **Sec. 3.** SCOPE. (1) Except as provided in subsection (2) of this section, this chapter applies to a mortgage modification.

(2) This chapter does not affect:

(a) Law governing the required content of a mortgage;

(b) A statute of limitations or other law governing the expiration or termination of a right to enforce an obligation or a mortgage;

(c) A recording statute;

(d) A statute governing the priority of a tax lien or other governmental lien;

(e) A statute of frauds or chapter 1.80 RCW; or

(f) Except as provided in section 4(2)(h) of this act, law governing the priority of a future advance.

(3) This chapter does not apply to any of the following modifications:

(a) A release of, or addition to, property encumbered by a mortgage;

(b) A release of, addition of, or other change in an obligor; or

(c) An assignment or other transfer of a mortgage or an obligation.

NEW SECTION. **Sec. 4.** EFFECT OF MORTGAGE MODIFICATION. (1) For a mortgage modification described in subsection (2) of this section:

(a) The mortgage continues to secure the obligation as modified;

(b) The priority of the mortgage is not affected by the modification;

(c) The mortgage retains its priority regardless of whether a record of the mortgage modification is recorded as provided in chapter 65.08 RCW; and

(d) The modification is not a novation.

(2) Subsection (1) of this section applies to one or more of the following mortgage modifications:

(a) An extension of the maturity date of an obligation to a date no later than: (i) Six years after the maturity date stated in the original mortgage; or (ii) no later than six years after the maturity

date stated in the most recent recorded modification that extends the maturity date;

(b) A decrease in the interest rate of an obligation;

(c) If the change does not result in an increase in the interest rate of an obligation as calculated on the date the modification becomes effective:

(i) A change to a different index that is a recognized index if the previous index to which changes in the interest rate were linked is no longer available;

(ii) A change in the differential between the index and the interest rate;

(iii) A change from a floating or adjustable rate to a fixed rate; or

(iv) A change from a fixed rate to a floating or adjustable rate based on a recognized index;

(d) A capitalization of unpaid interest or other unpaid monetary obligation;

(e) A forgiveness, forbearance, or other reduction of principal, accrued interest, or other monetary obligation;

(f) A modification of a requirement for maintaining an escrow or reserve account for payment of an obligation, including taxes and insurance premiums;

(g) A modification of a requirement for acquiring or maintaining insurance;

(h) A modification of an existing condition to advance funds;

(i) A modification of a financial covenant; and

(j) A modification of the payment amount or schedule resulting from another modification described in this subsection.

(3) The effect of a mortgage modification not described in subsection (2) of this section is governed by other law.

NEW SECTION. **Sec. 5.** UNIFORMITY OF APPLICATION AND CONSTRUCTION. In applying and construing this uniform act, a court shall consider the promotion of uniformity of the law among jurisdictions that enact it.

NEW SECTION. **Sec. 6.** RELATION TO ELECTRONIC SIGNATURES IN GLOBAL AND NATIONAL COMMERCE ACT. This chapter modifies, limits, or supersedes the electronic signatures in global and national commerce act, 15 U.S.C. Sec. 7001 et seq., but does not modify, limit, or

supersede 15 U.S.C. Sec. 7001(c), or authorize electronic delivery of any of the notices described in 15 U.S.C. Sec. 7003(b).

NEW SECTION. **Sec. 7.** TRANSITIONAL PROVISION. This chapter applies to a mortgage modification made on or after the effective date of this section regardless of when the mortgage or the obligation was created.

NEW SECTION. **Sec. 8.** SEVERABILITY. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

NEW SECTION. **Sec. 9.** CODIFICATION. Sections 1 through 7 of this act constitute a new chapter in Title 61 RCW.

--- END ---