Washington State Department of Commerce

Foreclosure Fairness Account revenue report

Report on program revenue per RCW 61.24.158

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Report to the Legislature

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FORECLOSURE FAIRNESS PROGRAM
HOMEOWNERSHIP UNIT

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Acknowledgments

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Executive summary

Background

The Foreclosure Fairness Account was created in 2011 with the passage of the Foreclosure Fairness Act. All revenue received under the Foreclosure Fairness Act is placed in the Foreclosure Fairness Account as outlined in RCW 61.24.172, which states:

> The foreclosure fairness account is created in the custody of the state treasurer. All receipts received under RCW 61.24.174[1], as it existed prior to July 1, 2016, 61.24.173[2], 61.24.190, and 61.24.157 must be deposited into the account. Only the director of the department of commerce or the director's designee may authorize expenditures from the account. Funding to agencies and organizations under this section must be provided by the department through an interagency agreement or other applicable contract instrument. The account is subject to allotment procedures under chapter 43.88 RCW, but an appropriation is not required for expenditures.

The revenue deposited into the Foreclosure Fairness Account funds all program activities of the Foreclosure Fairness Program.

As of July 27, 2025, the Foreclosure Fairness Program is funded by two funding mechanisms:

1. A fee placed on the issuance of notices of default in Washington. More information about the Notice of Default Fee and the revenue generated from this fee is in the "Notice of Default Fee" section of this report.
2. The Foreclosure Prevention Fee is a fee placed on the origination of applicable residential mortgage loans for property in Washington. More information about the Foreclosure Prevention Fee is in the "Foreclosure Prevention Fee" section of this report.

Statutory reporting requirements

This report satisfies the legislative reporting requirements found in RCW 61.24.158:

> By December 31, 2025, the department shall provide a report to the appropriate committees of the legislature on the number and amounts received from the notice of default fee remitted under RCW 61.24.190 and the foreclosure prevention fee remitted under RCW 61.24.157 into the foreclosure fairness account authorized under RCW 61.24.172 for revenue collected from July 1, 2025, through November 30, 2025, and then post such information on the department website annually thereafter.

The revenue data in this report will be posted annually on the Washington State Department of Commerce's (Commerce) Foreclosure Fairness Program webpage.

Data and information contained in this initial report

This report contains the following programmatic revenue data points:

- **Notice of Default Fee section:** The number and amount received from notice of default fees remitted under RCW 61.24.190.
- **Foreclosure Prevention Fee section**: The number and amount received from foreclosure prevention fees remitted under RCW 61.24.157.[3]

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[1] RCW 61.24.174 was repealed by 2016 c 196 s 4.
[2] RCW 61.24.173 was repealed by 2021 c 151 s 13, effective June 30, 2023.
[3] RCW 61.24.157 was amended by Substitute Senate Bill 5938, Chapter 156, Laws of 2026, signed by Gov. Bob Ferguson on March 23, 2026, and effective June 11, 2026. The amendment retains the $80 fee but narrows the exemptions and limits collection to the first-lien loan in certain state-assisted homeownership purchases.

Notice of Default Fee

The Foreclosure Fairness Program is funded by fees paid by financial institutions (beneficiaries), which are remitted and received on a quarterly basis. As of January 1, 2022, each beneficiary must pay a **$250** fee into the Foreclosure Fairness Account (see RCW 61.24.172) for each residential real property issued a **notice of default** in Washington during a given quarter. The statutory language for this fee is in RCW 61.24.190, which states:

> (1) Except as provided in subsections (6) and (7) of this section, beginning January 1, 2022, and every quarter thereafter, every beneficiary issuing notices of default, or causing notices of default to be issued on its behalf, on residential real property under this chapter must:
> (a) Report to the department, on a form approved by the department, the total number of residential real properties for which the beneficiary has issued a notice of default during the previous quarter, together with the street address, city, and zip code;
> (b) Remit the amount required under subsection (2) of this section; and
> (c) Report and update beneficiary contact information for the person and work group responsible for the beneficiary's compliance with the requirements of the foreclosure fairness act created in this chapter.
> (2) For each residential real property for which a notice of default has been issued, the beneficiary issuing the notice of default, or causing the notice of default to be issued on the beneficiary's behalf, shall remit $250 to the department to be deposited, as provided under RCW 61.24.172, into the foreclosure fairness account. The $250 payment is required per property and not per notice of default. The beneficiary shall remit the total amount required in a lump sum each quarter.
> (3) Reporting and payments under subsections (1) and (2) of this section are due within 45 days of the end of each quarter.
> (4) For purposes of this section, "residential real property" includes residential real property with up to four dwelling units, whether or not the property or any part thereof is owner occupied.
> (5) The department, including its officials and employees, may not be held civilly liable for damages arising from any release of information or the failure to release information related to the reporting required under this section, so long as the release was without gross negligence.
> (6)(a) Beginning on January 1, 2023, this section does not apply to any beneficiary or loan servicer that is a federally insured depository institution, as defined in 12 U.S.C. Sec. 461(b)(1)(A), and that certifies under penalty of perjury that it has issued, or has directed a trustee or authorized agent to issue, fewer than 250 notices of default in the preceding year.
> (b) During the 2023 calendar year, this section does not apply to any beneficiary or loan servicer that is a federally insured depository institution, as defined in 12 U.S.C. Sec. 461(b)(1)(A), and that certifies under penalty of perjury that fewer than 50 notices of trustee's sale were recorded on its behalf in 2019.
> (c) This subsection (6) applies retroactively to January 1, 2023, and prospectively beginning with May 1, 2023.
> (7) This section does not apply to association beneficiaries subject to chapter 64.32, 64.34, or 64.38RCW.

Reporting and remitting

The reporting requirements include a quarterly report, along with a reconcilable list of addresses to which the beneficiary issued notices of default during the previous quarter (see RCW 61.24.190(1)). For each notice of default issued, the beneficiary must remit $250 to Commerce (see RCW 61.24.190(2)). Financial institutions must submit their reports and lump sum remittances to Commerce no later than 45 days after the end of the calendar quarter (see RCW 61.24.190(3)).

Exemptions

Per RCW 61.24.190(6)(a), beneficiaries can qualify for an exemption from the Notice of Default Fee if they meet certain requirements. RCW 61.24.190(6)(a) states:

> Beginning on January 1, 2023, this section does not apply to any beneficiary or loan servicer that is a federally insured depository institution, as defined in 12 U.S.C. Sec. 461(b)(1)(A), and that certifies under penalty of perjury that it has issued, or has directed a trustee or authorized agent to issue, fewer than 250 notices of default in the preceding year.

Beneficiaries can qualify for a notice of default fee exemption if they are a federally insured depository institution[4] and they issued fewer than 250 notices of default in the preceding year. Beneficiaries must submit an exemption request to Commerce on an annual basis. Additional information about exemptions offered by the Foreclosure Fairness Program can be found on the Foreclosure Fairness Program webpage under the "Financial Institutions" dropdown menu.

During the 2025 calendar year, **153** financial institutions applied for and received an exemption from the Notice of Default Fee under RCW 61.24.190(6)(a).

Revenue

Table 1 shows the revenue received via the Notice of Default Fee during the second quarter of 2025 (Q2 2025) and the third quarter of 2025 (Q3 2025) remittance and reporting periods.

Table 1: Revenue received via the Notice of Default Fee[5]

Reporting period	Number of notices of default reported	Number of remitting organizations	Revenue received
Q2 2025	1,184	53	$295,825
Q3 2025	898	45	$224,500
Total	**2,082**	**N/A**	**$520,325**

Q2 2025 revenue: This contains revenue remitted and collected between July 1, 2025, and August 14, 2025, for notices of default issued by financial institutions between April 1, 2025, and June 30, 2025.

Q3 2025 revenue: This contains revenue remitted and collected between October 1, 2025, and November 14, 2025, for notices of default issued by financial institutions between July 1, 2025, and September 30, 2025.

Refunds and corrections during the reporting period

- A refund of $150.00 was submitted due to an institution remitting at an outdated rate of $325.00. The $150.00 refund covered two instances of this error during the second quarter of 2025 remitting period. The above revenue figure contains the correction.
- An incorrect payment of $325.00 was received from another institution during the second quarter of 2025 remitting period. This error is contained in the above revenue figure since the correction has not been completed at the time of this report.
- An institution reported two notices of default for the second quarter of 2025 but only remitted $250.00.
- An institution reported three notices of default for the third quarter of 2025 ($750.00); however, Commerce has not received their remittance at the time of this report.

[4] As defined in 12 U.S.C. Sec. 461(b)(1)(A)
[5] Per RCW 61.24.190.

Foreclosure Prevention Fee

The new Foreclosure Prevention Fee created by Chapter 393 of the Laws of 2025 became effective on July 27, 2025. The Foreclosure Prevention Fee applies to all residential mortgage loans[6] originated within or outside of Washington, related to property located within Washington, at a rate of $80.00. RCW 61.24.157, the statute creating the Foreclosure Prevention Fee, states:

> (1) For each residential mortgage loan, as defined in RCW 31.04.015(24), originated within or outside of the state of Washington and related to property located within the state of Washington, excepting only reverse mortgage loans issued to seniors over the age of 61, a foreclosure prevention fee of $80 shall be assessed and due and payable at the time of closing by the escrow agent or other settlement or closing agent processing the loan closing into the foreclosure fairness account created in RCW 61.24.172. This foreclosure prevention fee may be financed in the loan and paid from the loan proceeds or from any borrower cash contribution at the time of closing. The department may make policies and procedures related to the implementation, collection, remittance, and management of the fee and may enter into individualized agreements governing the efficient remittance of the fee.
>
> (2) At or before the time that the foreclosure prevention fee is assessed under subsection (1) of this section, the escrow agent or other settlement or closing agent must provide the borrower with a notice of the foreclosure prevention fee and its purpose. The department must create a notice form that an escrow agent or other settlement or closing agent may use to satisfy this notice requirement. The notice form must include the toll-free numbers for the statewide foreclosure hotline recommended by the housing finance commission.

Additional information about the Foreclosure Prevention Fee is available on the Foreclosure Fairness Program webpage under the "Foreclosure Prevention Fee" dropdown menu.

Exemptions

Unlike the Notice of Default Fee, the Foreclosure Prevention Fee does not have an exemption filing process for financial institutions and other remitters to apply for. Currently, the Foreclosure Prevention Fee exempts only reverse mortgage loans issued to seniors age 61 or older.

Individualized agreements

Per RCW 61.24.157(1), the Washington State Department of Commerce can enter into individualized agreements with remitting entities to reduce the overall volume of transactions and remittances. Entering into an individualized agreement will allow an entity to remit bulk payments at weekly, monthly or quarterly frequencies. Organizations interested in entering into an individualized agreement can submit an Individualized Agreement Application available on the Foreclosure Fairness Program webpage. Organizations then submit an Individualized Agreement Report to Commerce for reconciliation when a lump-sum payment is remitted. The Individualized Agreement Report is also accessible on the Foreclosure Fairness Program webpage.

Currently, Commerce has entered into 85 individualized agreements with the following remittance frequencies:

- Weekly: three
- Quarterly: 31
- Monthly: 51

[6] Exempting only reverse mortgages for seniors over the age of 61.

Table 2: Revenue received via the Foreclosure Prevention Fee

Per RCW 61.24.157, Table 2 shows all revenue remitted and collected by full month for all applicable residential mortgage loans originated within or outside of Washington related to property within Washington.

Revenue period	Number of remittances*	Number of originations	Total revenue collected
July 2025	698	710	$56,800.00
August 2025	4,278	7,383	$590,640.00
September 2025	4,346	12,496	$999,680.00
October 2025	5,291	18,144	$1,451,520.00
November 2025	1,868	10,829	$866,318.00
Total	**16,481**	**49,562**	**$3,964,958.00**

* Out of the 16,481 remittances received by Commerce, 14,942 were mailed checks (90.7%), 1,004 were wire transfers (6.1%), 464 were ACH transfers (2.8%) and 71 were unspecified remittance types (0.4%).

Table 3: Foreclosure Prevention Fee refunds and corrections, July – Nov. 2025

During July–Nov. 2025, refunds and corrections were issued to fix canceled payments, fees charged by mistake, taxes or other charges that didn't apply and a few payments sent to the wrong place. These adjustments made sure accounts were accurate and that no one paid more than they should have.

Reason for refund or correction	Number of instances	Refund/correction amount
Remittances canceled by payer	7	$2,730
Incorrectly applied fee	4	$320
Incorrectly collected and remitted unapplicable taxes	12	$77.04
Incorrectly submitted and remitted other fees	6	$164,967.91
Paid to the wrong entity	3	$183.68

Appendix A: Funding allocation

RCW 61.24.172 directs the allocation of the revenue received in the Foreclosure Fairness Account. The allocation is based on percentages allotted to program partners to effectively implement the Foreclosure Fairness Program.

As of July 27, 2025, the Foreclosure Fairness Account is distributed as follows under RCW 61.24.172:

- Housing counseling activities to benefit borrowers: **50%**
- Office of the Attorney General's Consumer Protection Division to enforce this chapter: **8%**
- Office of Civil Legal Aid to contract with qualified legal aid programs for free and low-cost legal representation of homeowners in matters relating to foreclosure: **16.5%**
- Washington Homeownership Resource Hotline: **15%**
- Foreclosure prevention outreach and education: **0.5%**
- Commerce to implement and operate the Foreclosure Fairness Act: **10%**

RCW 61.24.172 states, "[Commerce] shall enter into interagency agreements to contract with the Washington State Housing Finance Commission and other appropriate entities to implement the Foreclosure Fairness Act." Commerce currently holds interagency agreements with the Washington State Housing Finance Commission and the Office of Civil Legal Aid, as well as a contract with the Washington Homeownership Resource Center.

Which organizations receive these funds?

Washington State Housing Finance Commission

The Washington State Housing Finance Commission (WSHFC) administers a homeowner counseling program, as required by the Foreclosure Fairness Act. Much of the FFP funds directed to the WSHFC support free-to-consumers foreclosure-related housing counseling services in Washington.

Foreclosure services offered by WSHFC include:

- 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
- Pre-purchase counseling for future homeowners

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 collaborates with OCLA to provide this assistance. OCLA currently grants all of the Foreclosure Fairness Act funds it receives to the Northwest Justice Project, which provides statewide support for this work.[7]

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.

[7] Data representing NJP's housing counselor services is included in data provided by the WSHFC.

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 when issues fall outside their expertise.

Washington Homeownership Resource Center

The Homeownership Resource Hotline (1-877-894-HOME (4663)) is administered by the Washington Homeownership Resource Center (WHRC). By law, banks and loan servicers are required to supply the hotline phone number to all homeowners who are late on a payment or facing default on their mortgage. WHRC is the primary entry point for homeowners facing foreclosure and in need of information and referrals to housing counseling services and civil legal aid assistance.

Office of the Attorney General

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

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.