

CERTIFICATION OF ENROLLMENT

**HOUSE BILL 2791**

60th Legislature  
2008 Regular Session

Passed by the House March 12, 2008  
Yeas 97 Nays 0

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**Speaker of the House of Representatives**

Passed by the Senate March 11, 2008  
Yeas 46 Nays 3

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**President of the Senate**

Approved

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**Governor of the State of Washington**

CERTIFICATE

I, Barbara Baker, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **HOUSE BILL 2791** as passed by the House of Representatives and the Senate on the dates hereon set forth.

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**Chief Clerk**

FILED

**Secretary of State  
State of Washington**

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HOUSE BILL 2791

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AS AMENDED BY THE SENATE

Passed Legislature - 2008 Regular Session

State of Washington                      60th Legislature                      2008 Regular Session

By Representatives Lantz, Rodne, and Kelley; by request of Attorney General

Read first time 01/16/08. Referred to Committee on Judiciary.

1            AN ACT Relating to distressed property conveyances; amending RCW  
2 61.34.020, 61.34.040, and 59.18.030; adding new sections to chapter  
3 61.34 RCW; adding a new section to chapter 59.18 RCW; and prescribing  
4 penalties.

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

6            **Sec. 1.** RCW 61.34.020 and 1988 c 33 s 4 are each amended to read  
7 as follows:

8            Unless the context clearly requires otherwise, the definitions in  
9 this section apply throughout this chapter.

10            (1) (~~"Pattern of equity skimming" means engaging in a least three~~  
11 ~~acts of equity skimming within any three-year period, with at least one~~  
12 ~~of the acts occurring after June 9, 1988.~~

13            (2) ~~"Dwelling" means a single, duplex, triplex, or four-unit family~~  
14 ~~residential building.~~

15            (3) ~~"Person" includes any natural person, corporation, joint stock~~  
16 ~~association, or unincorporated association.~~

17            (4)) An "act of equity skimming" occurs when:

18            (a)(i) A person purchases a dwelling with the representation that  
19 the purchaser will pay for the dwelling by assuming the obligation to

1 make payments on existing mortgages, deeds of trust, or real estate  
2 contracts secured by and pertaining to the dwelling, or by representing  
3 that such obligation will be assumed; and

4 (ii) The person fails to make payments on such mortgages, deeds of  
5 trust, or real estate contracts as the payments become due, within two  
6 years subsequent to the purchase; and

7 (iii) The person diverts value from the dwelling by either (A)  
8 applying or authorizing the application of rents from the dwelling for  
9 the person's own benefit or use, or (B) obtaining anything of value  
10 from the sale or lease with option to purchase of the dwelling for the  
11 person's own benefit or use, or (C) removing or obtaining appliances,  
12 fixtures, furnishings, or parts of such dwellings or appurtenances for  
13 the person's own benefit or use without replacing the removed items  
14 with items of equal or greater value; or

15 (b)(i) The person purchases a dwelling in a transaction in which  
16 all or part of the purchase price is financed by the seller and is (A)  
17 secured by a lien which is inferior in priority or subordinated to a  
18 lien placed on the dwelling by the purchaser, or (B) secured by a lien  
19 on other real or personal property, or (C) without any security; and

20 (ii) The person obtains a superior priority loan which either (A)  
21 is secured by a lien on the dwelling which is superior in priority to  
22 the lien of the seller, but not including a bona fide assumption by the  
23 purchaser of a loan existing prior to the time of purchase, or (B)  
24 creating any lien or encumbrance on the dwelling when the seller does  
25 not hold a lien on the dwelling; and

26 (iii) The person fails to make payments or defaults on the superior  
27 priority loan within two years subsequent to the purchase; and

28 (iv) The person diverts value from the dwelling by applying or  
29 authorizing any part of the proceeds from such superior priority loan  
30 for the person's own benefit or use.

31 (2) "Distressed home" means either:

32 (a) A dwelling that is in danger of foreclosure or at risk of loss  
33 due to nonpayment of taxes; or

34 (b) A dwelling that is in danger of foreclosure or that is in the  
35 process of being foreclosed due to a default under the terms of a  
36 mortgage.

37 (3) "Distressed home consultant" means a person who:

1       (a) Solicits or contacts a distressed homeowner in writing, in  
2 person, or through any electronic or telecommunications medium and  
3 makes a representation or offer to perform any service that the person  
4 represents will:

5       (i) Stop, enjoin, delay, void, set aside, annul, stay, or postpone  
6 a foreclosure sale;

7       (ii) Obtain forbearance from any servicer, beneficiary, or  
8 mortgagee;

9       (iii) Assist the distressed homeowner to exercise a right of  
10 reinstatement provided in the loan documents or to refinance a loan  
11 that is in foreclosure or is in danger of foreclosure;

12       (iv) Obtain an extension of the period within which the distressed  
13 homeowner may reinstate the distressed homeowner's obligation or extend  
14 the deadline to object to a ratification;

15       (v) Obtain a waiver of an acceleration clause contained in any  
16 promissory note or contract secured by a mortgage on a distressed home  
17 or contained in the mortgage;

18       (vi) Assist the distressed homeowner to obtain a loan or advance of  
19 funds;

20       (vii) Save the distressed homeowner's residence from foreclosure;

21       (viii) Avoid or ameliorate the impairment of the distressed  
22 homeowner's credit resulting from the recording of a notice of trustee  
23 sale, the filing of a petition to foreclose, or the conduct of a  
24 foreclosure sale;

25       (ix) Purchase or obtain an option to purchase the distressed  
26 homeowner's residence within twenty days of an advertised or docketed  
27 foreclosure sale;

28       (x) Arrange for the distressed homeowner to become a lessee or  
29 tenant entitled to continue to reside in the distressed homeowner's  
30 residence;

31       (xi) Arrange for the distressed homeowner to have an option to  
32 repurchase the distressed homeowner's residence; or

33       (xii) Engage in any documentation, grant, conveyance, sale, lease,  
34 trust, or gift by which the distressed homeowner clogs the distressed  
35 homeowner's equity of redemption in the distressed homeowner's  
36 residence; or

37       (b) Systematically contacts owners of property that court records,

1 newspaper advertisements, or any other source demonstrate are in  
2 foreclosure or are in danger of foreclosure.

3 "Distressed home consultant" does not mean a financial institution,  
4 a nonprofit credit counseling service, a licensed attorney, or a person  
5 subject to chapter 19.148 RCW. "Distressed home consultant" does not  
6 include a licensed mortgage broker who, pursuant to lawful activities  
7 under chapter 19.146 RCW, procures a nonpurchase mortgage loan for the  
8 distressed homeowner from a financial institution.

9 (4) "Distressed home consulting transaction" means an agreement  
10 between a distressed homeowner and a distressed home consultant in  
11 which the distressed home consultant represents or offers to perform  
12 any of the services enumerated in subsection (3)(a) of this section.

13 (5) "Distressed home conveyance" means a transaction in which:

14 (a) A distressed homeowner transfers an interest in the distressed  
15 home to a distressed home purchaser;

16 (b) The distressed home purchaser allows the distressed homeowner  
17 to occupy the distressed home; and

18 (c) The distressed home purchaser or a person acting in  
19 participation with the distressed home purchaser conveys or promises to  
20 convey the distressed home to the distressed homeowner, provides the  
21 distressed homeowner with an option to purchase the distressed home at  
22 a later date, or promises the distressed homeowner an interest in, or  
23 portion of, the proceeds of any resale of the distressed home.

24 (6) "Distressed home purchaser" means any person who acquires an  
25 interest in a distressed home under a distressed home conveyance.  
26 "Distressed home purchaser" includes a person who acts in joint venture  
27 or joint enterprise with one or more distressed home purchasers in a  
28 distressed home conveyance. A financial institution is not a  
29 distressed home purchaser.

30 (7) "Distressed homeowner" means an owner of a distressed home.

31 (8) "Dwelling" means a single, duplex, triplex, or four-unit family  
32 residential building.

33 (9) "Financial institution" means (a) any bank or trust company,  
34 mutual savings bank, savings and loan association, credit union, or a  
35 lender making federally related mortgage loans, (b) a holder in the  
36 business of acquiring federally related mortgage loans as defined in  
37 the real estate settlement procedures act (RESPA) (12 U.S.C. Sec.  
38 2602), insurance company, insurance producer, title insurance company,

1 escrow company, or lender subject to auditing by the federal national  
2 mortgage association or the federal home loan mortgage corporation,  
3 which is organized or doing business pursuant to the laws of any state,  
4 federal law, or the laws of a foreign country, if also authorized to  
5 conduct business in Washington state pursuant to the laws of this state  
6 or federal law, (c) any affiliate or subsidiary of any of the entities  
7 listed in (a) or (b) of this subsection, or (d) an employee or agent  
8 acting on behalf of any of the entities listed in (a) or (b) of this  
9 subsection. "Financial institution" also means a licensee under  
10 chapter 31.04 RCW, provided that the licensee does not include a  
11 licensed mortgage broker, unless the mortgage broker is engaged in  
12 lawful activities under chapter 19.146 RCW and procures a nonpurchase  
13 mortgage loan for the distressed homeowner from a financial  
14 institution.

15 (10) "Homeowner" means a person who owns and occupies a dwelling as  
16 his or her primary residence, whether or not his or her ownership  
17 interest is encumbered by a mortgage, deed of trust, or other lien.

18 (11) "In danger of foreclosure" means any of the following:

19 (a) The homeowner has defaulted on the mortgage and, under the  
20 terms of the mortgage, the mortgagee has the right to accelerate full  
21 payment of the mortgage and repossess, sell, or cause to be sold, the  
22 property;

23 (b) The homeowner is at least thirty days delinquent on any loan  
24 that is secured by the property; or

25 (c) The homeowner has a good faith belief that he or she is likely  
26 to default on the mortgage within the upcoming four months due to a  
27 lack of funds, and the homeowner has reported this belief to:

28 (i) The mortgagee;

29 (ii) A person licensed or required to be licensed under chapter  
30 19.134 RCW;

31 (iii) A person licensed or required to be licensed under chapter  
32 19.146 RCW;

33 (iv) A person licensed or required to be licensed under chapter  
34 18.85 RCW;

35 (v) An attorney-at-law;

36 (vi) A mortgage counselor or other credit counselor licensed or  
37 certified by any federal, state, or local agency; or

38 (vii) Any other party to a distressed home consulting transaction.

1       (12) "Mortgage" means a mortgage, mortgage deed, deed of trust,  
2 security agreement, or other instrument securing a mortgage loan and  
3 constituting a lien on or security interest in housing.

4       (13) "Nonprofit credit counseling service" means a nonprofit  
5 organization described under section 501(c)(3) of the internal revenue  
6 code, or similar successor provisions, that is licensed or certified by  
7 any federal, state, or local agency.

8       (14) "Pattern of equity skimming" means engaging in at least three  
9 acts of equity skimming within any three-year period, with at least one  
10 of the acts occurring after June 9, 1988.

11       (15) "Person" includes any natural person, corporation, joint stock  
12 association, or unincorporated association.

13       (16) "Resale" means a bona fide market sale of the distressed home  
14 subject to the distressed home conveyance by the distressed home  
15 purchaser to an unaffiliated third party.

16       (17) "Resale price" means the gross sale price of the distressed  
17 home on resale.

18       NEW SECTION. Sec. 2. (1) A distressed home consulting transaction  
19 must:

20       (a) Be in writing in at least twelve-point font;

21       (b) Be in the same language as principally used by the distressed  
22 home consultant to describe his or her services to the distressed  
23 homeowner. If the agreement is written in a language other than  
24 English, the distressed home consultant shall cause the agreement to be  
25 translated into English and shall deliver copies of both the original  
26 and English language versions to the distressed homeowner at the time  
27 of execution and shall keep copies of both versions on file in  
28 accordance with subsection (2) of this section. Any ambiguities or  
29 inconsistencies between the English language and the original language  
30 versions of the written agreement must be strictly construed in favor  
31 of the distressed homeowner;

32       (c) Fully disclose the exact nature of the distressed home  
33 consulting services to be provided, including any distressed home  
34 conveyance that may be involved and the total amount and terms of any  
35 compensation to be received by the distressed home consultant or anyone  
36 working in association with the distressed home consultant;

1 (d) Be dated and signed by the distressed homeowner and the  
2 distressed home consultant;

3 (e) Contain the complete legal name, address, telephone number, fax  
4 number, e-mail address, and internet address if any, of the distressed  
5 home consultant, and if the distressed home consultant is serving as an  
6 agent for any other person, the complete legal name, address, telephone  
7 number, fax number, e-mail address, and internet address if any, of the  
8 principal; and

9 (f) Contain the following notice, which must be initialed by the  
10 distressed homeowner, in bold face type and in at least fourteen-point  
11 font:

12 "NOTICE REQUIRED BY WASHINGTON LAW

13 THIS IS AN IMPORTANT LEGAL CONTRACT AND COULD RESULT IN THE LOSS OF  
14 YOUR HOME.

15 . . . Name of distressed home consultant . . . or anyone working  
16 for him or her CANNOT guarantee you that he or she will be able to  
17 refinance your home or arrange for you to keep your home. Continue  
18 making mortgage payments until refinancing, if applicable, is approved.  
19 You should consult with an attorney before signing this contract.

20 If you sign a promissory note, lien, mortgage, deed of trust, or  
21 deed, you could lose your home and be unable to get it back."

22 (2) At the time of execution, the distressed home consultant shall  
23 provide the distressed homeowner with a copy of the written agreement,  
24 and the distressed home consultant shall keep a separate copy of the  
25 written agreement on file for at least five years following the  
26 completion or other termination of the agreement.

27 (3) This section does not relieve any duty or obligation imposed  
28 upon a distressed home consultant by any other law including, but not  
29 limited to, the duties of a credit service organization under chapter  
30 19.134 RCW or a person required to be licensed under chapter 19.146  
31 RCW.

32 NEW SECTION. **Sec. 3.** A distressed home consultant has a fiduciary  
33 relationship with the distressed homeowner, and each distressed home  
34 consultant is subject to all requirements for fiduciaries otherwise  
35 applicable under state law. A distressed home consultant's fiduciary  
36 duties include, but are not limited to, the following:

1 (1) To act in the distressed homeowner's best interest and in  
2 utmost good faith toward the distressed homeowner, and not compromise  
3 a distressed homeowner's right or interest in favor of another's right  
4 or interest, including a right or interest of the distressed home  
5 consultant;

6 (2) To disclose to the distressed homeowner all material facts of  
7 which the distressed home consultant has knowledge that might  
8 reasonably affect the distressed homeowner's rights, interests, or  
9 ability to receive the distressed homeowner's intended benefit from the  
10 residential mortgage loan;

11 (3) To use reasonable care in performing his or her duties; and

12 (4) To provide an accounting to the distressed homeowner for all  
13 money and property received from the distressed homeowner.

14 NEW SECTION. **Sec. 4.** (1) A person may not induce or attempt to  
15 induce a distressed homeowner to waive his or her rights under this  
16 chapter.

17 (2) Any waiver by a homeowner of the provisions of this chapter is  
18 void and unenforceable as contrary to public policy.

19 NEW SECTION. **Sec. 5.** A distressed home purchaser shall enter into  
20 a distressed home reconveyance in the form of a written contract. The  
21 contract must be written in at least twelve-point boldface type in the  
22 same language principally used by the distressed home purchaser and  
23 distressed homeowner to negotiate the sale of the distressed home, and  
24 must be fully completed, signed, and dated by the distressed homeowner  
25 and distressed home purchaser before the execution of any instrument of  
26 conveyance of the distressed home.

27 NEW SECTION. **Sec. 6.** The contract required in section 5 of this  
28 act must contain the entire agreement of the parties and must include  
29 the following:

30 (1) The name, business address, and telephone number of the  
31 distressed home purchaser;

32 (2) The address of the distressed home;

33 (3) The total consideration to be provided by the distressed home  
34 purchaser in connection with or incident to the sale;

1 (4) A complete description of the terms of payment or other  
2 consideration including, but not limited to, any services of any nature  
3 that the distressed home purchaser represents that he or she will  
4 perform for the distressed homeowner before or after the sale;

5 (5) The time at which possession is to be transferred to the  
6 distressed home purchaser;

7 (6) A complete description of the terms of any related agreement  
8 designed to allow the distressed homeowner to remain in the home, such  
9 as a rental agreement, repurchase agreement, or lease with option to  
10 buy;

11 (7) A complete description of the interest, if any, the distressed  
12 homeowner maintains in the proceeds of, or consideration to be paid  
13 upon, the resale of the distressed home;

14 (8) A notice of cancellation as provided in section 8 of this act;  
15 and

16 (9) The following notice in at least fourteen-point boldface type  
17 if the contract is printed, or in capital letters if the contract is  
18 typed, and completed with the name of the distressed home purchaser,  
19 immediately above the statement required in section 8 of this act;

20 "NOTICE REQUIRED BY WASHINGTON LAW

21 Until your right to cancel this contract has ended, . . . . . (Name)  
22 or anyone working for . . . . . (Name) CANNOT ask you to sign or have  
23 you sign any deed or any other document."

24 The contract required by this section survives delivery of any  
25 instrument of conveyance of the distressed home and has no effect on  
26 persons other than the parties to the contract.

27 NEW SECTION. **Sec. 7.** (1) In addition to any other right of  
28 rescission, a distressed homeowner has the right to cancel any contract  
29 with a distressed home purchaser until midnight of the fifth business  
30 day following the day on which the distressed homeowner signs a  
31 contract that complies with this chapter or until 8:00 a.m. on the last  
32 day of the period during which the distressed homeowner has a right of  
33 redemption, whichever occurs first.

34 (2) Cancellation occurs when the distressed homeowner delivers to  
35 the distressed home purchaser, by any means, a written notice of  
36 cancellation to the address specified in the contract.

1 (3) A notice of cancellation provided by the distressed homeowner  
2 is not required to take the particular form as provided with the  
3 contract.

4 (4) Within ten days following the receipt of a notice of  
5 cancellation under this section, the distressed home purchaser shall  
6 return without condition any original contract and any other documents  
7 signed by the distressed homeowner.

8 NEW SECTION. **Sec. 8.** (1) The contract required in section 5 of  
9 this act must contain, in immediate proximity to the space reserved for  
10 the distressed homeowner's signature, the following conspicuous  
11 statement in at least fourteen-point boldface type if the contract is  
12 printed, or in capital letters if the contract is typed:

13 "You may cancel this contract for the sale of your house without any  
14 penalty or obligation at any time before

15 . . . . .

16 (Date and time of day)

17 See the attached notice of cancellation form for an explanation of this  
18 right."

19 The distressed home purchaser shall accurately enter the date and  
20 time of day on which the cancellation right ends.

21 (2) The contract must be accompanied by a completed form in  
22 duplicate, captioned "NOTICE OF CANCELLATION" in twelve-point boldface  
23 type if the contract is printed, or in capital letters if the contract  
24 is typed, followed by a space in which the distressed home purchaser  
25 shall enter the date on which the distressed homeowner executes any  
26 contract. This form must be attached to the contract, must be easily  
27 detachable, and must contain in at least twelve-point type if the  
28 contract is printed, or in capital letters if the contract is typed,  
29 the following statement written in the same language as used in the  
30 contract:

31 "NOTICE OF CANCELLATION

32 . . . . .

33 (Enter date contract signed)

34 You may cancel this contract for the sale of your house, without any  
35 penalty or obligation, at any time before

1 . . . . .

2 (Enter date and time of day)

3 To cancel this transaction, personally deliver a signed and dated copy  
4 of this cancellation notice to

5 . . . . .

6 (Name of purchaser)

7 at

8 . . . . .

9 (Street address of purchaser's place of business)

10 NOT LATER THAN

11 . . . . .

12 (Enter date and time of day)

13 I hereby cancel this transaction.

14 . . . . .

15 (Date)

16 . . . . .

17 (Seller's signature)"

18 (3) The distressed home purchaser shall provide the distressed  
19 homeowner with a copy of the contract and the attached notice of  
20 cancellation at the time the contract is executed by all parties.

21 (4) The five-business-day period during which the distressed  
22 homeowner may cancel the contract must not begin to run until all  
23 parties to the contract have executed the contract and the distressed  
24 home purchaser has complied with this section.

25 NEW SECTION. **Sec. 9.** (1) Any provision in a contract that  
26 attempts or purports to require arbitration of any dispute arising  
27 under this chapter is void at the option of the distressed homeowner.

28 (2) This section applies to any contract entered into on or after  
29 the effective date of this act.

30 NEW SECTION. **Sec. 10.** A distressed home purchaser shall not:

31 (1) Enter into, or attempt to enter into, a distressed home  
32 conveyance with a distressed homeowner unless the distressed home  
33 purchaser verifies and can demonstrate that the distressed homeowner  
34 has a reasonable ability to pay for the subsequent conveyance of an

1 interest back to the distressed homeowner. In the case of a lease with  
2 an option to purchase, payment ability also includes the reasonable  
3 ability to make the lease payments and purchase the property within the  
4 term of the option to purchase. An evaluation of a distressed  
5 homeowner's reasonable ability to pay includes debt to income ratios,  
6 fair market value of the distressed home, and the distressed  
7 homeowner's payment and credit history. There is a rebuttable  
8 presumption that the distressed home purchaser has not verified a  
9 distressed homeowner's reasonable ability to pay if the distressed home  
10 purchaser has not obtained documentation of assets, liabilities, and  
11 income, other than an undocumented statement, of the distressed  
12 homeowner;

13 (2) Fail to either:

14 (a) Ensure that title to the distressed home has been reconveyed to  
15 the distressed homeowner; or

16 (b) Make payment to the distressed homeowner so that the distressed  
17 homeowner has received consideration in an amount of at least eighty-  
18 two percent of the fair market value of the property as of the date of  
19 the eviction or voluntary relinquishment of possession of the  
20 distressed home by the distressed homeowner. For the purposes of this  
21 subsection (2)(b), the following applies:

22 (i) There is a rebuttable presumption that an appraisal by a person  
23 licensed or certified by an agency of the federal government or this  
24 state to appraise real estate constitutes the fair market value of the  
25 distressed home;

26 (ii) "Consideration" means any payment or thing of value provided  
27 to the distressed homeowner, including unpaid rent owed by the  
28 distressed homeowner before the date of eviction or voluntary  
29 relinquishment of the distressed home, reasonable costs paid to  
30 independent third parties necessary to complete the distressed home  
31 conveyance transaction, the payment of money to satisfy a debt or legal  
32 obligation of the distressed homeowner, or the reasonable cost of  
33 repairs for damage to the distressed home caused by the distressed  
34 homeowner. "Consideration" does not include amounts imputed as a down  
35 payment or fee to the distressed home purchaser or a person acting in  
36 participation with the distressed home purchaser;

37 (3) Enter into repurchase or lease terms as part of the distressed

1 home conveyance that are unfair or commercially unreasonable, or engage  
2 in any other unfair or deceptive acts or practices;

3 (4) Represent, directly or indirectly, that (a) the distressed home  
4 purchaser is acting as an advisor or consultant, (b) the distressed  
5 home purchaser is acting on behalf of or in the interests of the  
6 distressed homeowner, or (c) the distressed home purchaser is assisting  
7 the distressed homeowner to save the distressed home, buy time, or use  
8 other substantially similar language;

9 (5) Misrepresent the distressed home purchaser's status as to  
10 licensure or certification;

11 (6) Perform any of the following until after the time during which  
12 the distressed homeowner may cancel the transaction has expired:

13 (a) Accept from any distressed homeowner an execution of, or induce  
14 any distressed homeowner to execute, any instrument of conveyance of  
15 any interest in the distressed home;

16 (b) Record with the county auditor any document, including any  
17 instrument of conveyance, signed by the distressed homeowner; or

18 (c) Transfer or encumber or purport to transfer or encumber any  
19 interest in the distressed home;

20 (7) Fail to reconvey title to the distressed home when the terms of  
21 the distressed home conveyance contract have been fulfilled;

22 (8) Enter into a distressed home conveyance where any party to the  
23 transaction is represented by a power of attorney;

24 (9) Fail to extinguish or assume all liens encumbering the  
25 distressed home immediately following the conveyance of the distressed  
26 home;

27 (10) Fail to close a distressed home conveyance in person before an  
28 independent third party who is authorized to conduct real estate  
29 closings within the state.

30 **Sec. 11.** RCW 61.34.040 and 1988 c 33 s 3 are each amended to read  
31 as follows:

32 (1) In addition to the criminal penalties provided in RCW  
33 61.34.030, the legislature finds ((and declares)) that ((equity  
34 ~~skimming substantially affects~~)) the practices covered by this chapter  
35 are matters vitally affecting the public interest((~~. The commission by~~  
36 ~~any person of an act of equity skimming or a pattern of equity skimming~~  
37 ~~is an unfair or deceptive act or practice and unfair method of~~

1 ~~competition in the conduct of trade or commerce in violation of RCW~~  
2 ~~19.86.020)) for the purpose of applying chapter 19.86 RCW. A violation~~  
3 ~~of this chapter is not reasonable in relation to the development and~~  
4 ~~preservation of business and is an unfair method of competition for the~~  
5 ~~purpose of applying chapter 19.86 RCW.~~

6 (2) In a private right of action under chapter 19.86 RCW for a  
7 violation of this chapter, the court may double or triple the award of  
8 damages pursuant to RCW 19.86.090, subject to the statutory limit. If,  
9 however, the court determines that the defendant acted in bad faith,  
10 the limit for doubling or tripling the award of damages may be  
11 increased, but shall not exceed one hundred thousand dollars. Any  
12 claim for damages brought under this chapter must be commenced within  
13 four years after the date of the alleged violation.

14 (3) The remedies provided in this chapter are cumulative and do not  
15 restrict any remedy that is otherwise available. The provisions of  
16 this chapter are not exclusive and are in addition to any other  
17 requirements, rights, remedies, and penalties provided by law. An  
18 action under this chapter shall not affect the rights in the distressed  
19 home held by a distressed home purchaser for value under this chapter  
20 or other applicable law.

21 **Sec. 12.** RCW 59.18.030 and 1998 c 276 s 1 are each amended to read  
22 as follows:

23 As used in this chapter:

24 (1) "Distressed home" has the same meaning as in RCW 61.34.020.

25 (2) "Distressed home conveyance" has the same meaning as in RCW  
26 61.34.020.

27 (3) "Distressed home purchaser" has the same meaning as in RCW  
28 61.34.020.

29 (4) "Dwelling unit" is a structure or that part of a structure  
30 which is used as a home, residence, or sleeping place by one person or  
31 by two or more persons maintaining a common household, including but  
32 not limited to single family residences and units of multiplexes,  
33 apartment buildings, and mobile homes.

34 ~~((+2))~~ (5) "In danger of foreclosure" means any of the following:

35 (a) The homeowner has defaulted on the mortgage and, under the  
36 terms of the mortgage, the mortgagee has the right to accelerate full

1 payment of the mortgage and repossess, sell, or cause to be sold the  
2 property;

3 (b) The homeowner is at least thirty days delinquent on any loan  
4 that is secured by the property; or

5 (c) The homeowner has a good faith belief that he or she is likely  
6 to default on the mortgage within the upcoming four months due to a  
7 lack of funds, and the homeowner has reported this belief to:

8 (i) The mortgagee;

9 (ii) A person licensed or required to be licensed under chapter  
10 19.134 RCW;

11 (iii) A person licensed or required to be licensed under chapter  
12 19.146 RCW;

13 (iv) A person licensed or required to be licensed under chapter  
14 18.85 RCW;

15 (v) An attorney-at-law;

16 (vi) A mortgage counselor or other credit counselor licensed or  
17 certified by any federal, state, or local agency; or

18 (vii) Any other party to a distressed property conveyance.

19 (6) "Landlord" means the owner, lessor, or sublessor of the  
20 dwelling unit or the property of which it is a part, and in addition  
21 means any person designated as representative of the landlord.

22 ~~((3))~~ (7) "Mortgage" is used in the general sense and includes  
23 all instruments, including deeds of trust, that are used to secure an  
24 obligation by an interest in real property.

25 (8) "Person" means an individual, group of individuals,  
26 corporation, government, or governmental agency, business trust,  
27 estate, trust, partnership, or association, two or more persons having  
28 a joint or common interest, or any other legal or commercial entity.

29 ~~((4))~~ (9) "Owner" means one or more persons, jointly or  
30 severally, in whom is vested:

31 (a) All or any part of the legal title to property; or

32 (b) All or part of the beneficial ownership, and a right to present  
33 use and enjoyment of the property.

34 ~~((5))~~ (10) "Premises" means a dwelling unit, appurtenances  
35 thereto, grounds, and facilities held out for the use of tenants  
36 generally and any other area or facility which is held out for use by  
37 the tenant.

1       ~~((6))~~ (11) "Rental agreement" means all agreements which  
2 establish or modify the terms, conditions, rules, regulations, or any  
3 other provisions concerning the use and occupancy of a dwelling unit.

4       ~~((7))~~ (12) A "single family residence" is a structure maintained  
5 and used as a single dwelling unit. Notwithstanding that a dwelling  
6 unit shares one or more walls with another dwelling unit, it shall be  
7 deemed a single family residence if it has direct access to a street  
8 and shares neither heating facilities nor hot water equipment, nor any  
9 other essential facility or service, with any other dwelling unit.

10       ~~((8))~~ (13) A "tenant" is any person who is entitled to occupy a  
11 dwelling unit primarily for living or dwelling purposes under a rental  
12 agreement.

13       ~~((9))~~ (14) "Reasonable attorney's fees", where authorized in this  
14 chapter, means an amount to be determined including the following  
15 factors: The time and labor required, the novelty and difficulty of  
16 the questions involved, the skill requisite to perform the legal  
17 service properly, the fee customarily charged in the locality for  
18 similar legal services, the amount involved and the results obtained,  
19 and the experience, reputation and ability of the lawyer or lawyers  
20 performing the services.

21       ~~((10))~~ (15) "Gang" means a group that: (a) Consists of three or  
22 more persons; (b) has identifiable leadership or an identifiable name,  
23 sign, or symbol; and (c) on an ongoing basis, regularly conspires and  
24 acts in concert mainly for criminal purposes.

25       ~~((11))~~ (16) "Gang-related activity" means any activity that  
26 occurs within the gang or advances a gang purpose.

27       NEW SECTION. Sec. 13. A new section is added to chapter 59.18 RCW  
28 to read as follows:

29       In an unlawful detainer action involving property that was a  
30 distressed home:

31       (1) The plaintiff shall disclose to the court whether the defendant  
32 previously held title to the property that was a distressed home, and  
33 explain how the plaintiff came to acquire title;

34       (2) A defendant who previously held title to the property that was  
35 a distressed home shall not be required to escrow any money pending  
36 trial when a material question of fact exists as to whether the

1 plaintiff acquired title from the defendant directly or indirectly  
2 through a distressed home conveyance;

3 (3) There must be both an automatic stay of the action and a  
4 consolidation of the action with a pending or subsequent quiet title  
5 action when a defendant claims that the plaintiff acquired title to the  
6 property through a distressed home conveyance.

7 NEW SECTION. **Sec. 14.** Sections 2 through 10 of this act are each  
8 added to chapter 61.34 RCW.

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