
SUBSTITUTE SENATE BILL 6695

State of Washington

60th Legislature

2008 Regular Session

By Senate Consumer Protection & Housing (originally sponsored by Senators Weinstein and Kline)

READ FIRST TIME 02/01/08.

1 AN ACT Relating to distressed home transactions; 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 that the distressed homeowner is a customer of, a nonprofit credit
5 counseling service, or a licensed attorney.

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

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

11 (a) A distressed homeowner transfers an interest in the distressed
12 home to a distressed home purchaser;

13 (b) The distressed home purchaser allows the distressed homeowner
14 to occupy the distressed home; and

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

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

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

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

30 (9) "Financial institution" means any federally or state chartered
31 bank or trust company, savings bank or savings and loan association, or
32 credit union.

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

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

37 (a) The homeowner has defaulted on the mortgage and, under the

1 terms of the mortgage, the mortgagee has the right to accelerate full
2 payment of the mortgage and repossess, sell, or cause to be sold, the
3 property;

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

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

9 (i) The mortgagee;

10 (ii) A person licensed or required to be licensed under chapter
11 19.134 RCW;

12 (iii) A person licensed or required to be licensed under chapter
13 19.146 RCW;

14 (iv) A person licensed or required to be licensed under chapter
15 18.85 RCW;

16 (v) An attorney-at-law;

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

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

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

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

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

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

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

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

1 making mortgage payments until refinancing, if applicable, is approved.
2 You should consult with an attorney before signing this contract.

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

5 (2) At the time of execution, the distressed home consultant shall
6 provide the distressed homeowner with a copy of the written agreement,
7 and the distressed home consultant shall keep a separate copy of the
8 written agreement on file for at least five years following the
9 completion or other termination of the agreement.

10 (3) This section does not relieve any duty or obligation imposed
11 upon a distressed home consultant by any other law including, but not
12 limited to, the duties of a credit service organization under chapter
13 19.134 RCW or a person required to be licensed under chapter 19.146
14 RCW.

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

20 (1) To act in the distressed homeowner's best interest and in
21 utmost good faith toward the distressed homeowner, and not compromise
22 a distressed homeowner's right or interest in favor of another's right
23 or interest, including a right or interest of the distressed home
24 consultant;

25 (2) To disclose to the distressed homeowner all material facts of
26 which the distressed home consultant has knowledge that might
27 reasonably affect the distressed homeowner's rights, interests, or
28 ability to receive the distressed homeowner's intended benefit from the
29 residential mortgage loan;

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

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

33 NEW SECTION. **Sec. 4.** (1) A person may not induce or attempt to
34 induce a distressed homeowner to waive his or her rights under this
35 chapter, except that a distressed homeowner may waive the five-
36 business-day right to cancel as provided in section 7 of this act if

1 the distressed home is subject to a foreclosure sale within the five
2 business days and the distressed homeowner agrees to waive his or her
3 right to cancel in a handwritten statement signed by all parties
4 holding title to the distressed home.

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

7 NEW SECTION. **Sec. 5.** A distressed home purchaser shall enter into
8 a distressed home reconveyance in the form of a written contract. The
9 contract must be written in at least twelve-point boldface type in the
10 same language principally used by the distressed home purchaser and
11 distressed homeowner to negotiate the sale of the distressed home, and
12 must be fully completed, signed, and dated by the distressed homeowner
13 and distressed home purchaser before the execution of any instrument of
14 conveyance of the distressed home.

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

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

20 (2) The address of the distressed home;

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

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

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

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

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

1 (8) A notice of cancellation as provided in section 8 of this act;
2 and

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

7 "NOTICE REQUIRED BY WASHINGTON LAW

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

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

14 NEW SECTION. **Sec. 7.** (1) In addition to any other right of
15 rescission, a distressed homeowner has the right to cancel any contract
16 with a distressed home purchaser until midnight of the fifth business
17 day following the day on which the distressed homeowner signs a
18 contract that complies with this chapter or until 8:00 a.m. on the last
19 day of the period during which the distressed homeowner has a right of
20 redemption, whichever occurs first.

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

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

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

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

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

3

4 (Date and time of day)

5 See the attached notice of cancellation form for an explanation of this
6 right."

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

9 (2) The contract must be accompanied by a completed form in
10 duplicate, captioned "NOTICE OF CANCELLATION" in twelve-point boldface
11 type if the contract is printed, or in capital letters if the contract
12 is typed, followed by a space in which the distressed home purchaser
13 shall enter the date on which the distressed homeowner executes any
14 contract. This form must be attached to the contract, must be easily
15 detachable, and must contain in at least twelve-point type if the
16 contract is printed, or in capital letters if the contract is typed,
17 the following statement written in the same language as used in the
18 contract:

19 "NOTICE OF CANCELLATION

20

21 (Enter date contract signed)

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

24

25 (Enter date and time of day)

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

28

29 (Name of purchaser)

30 at

31

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

33 NOT LATER THAN

34

35 (Enter date and time of day)

36 I hereby cancel this transaction.

.
(Date)

.
(Seller's signature)"

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

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

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

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

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

(1) Enter into, or attempt to enter into, a distressed home conveyance with a distressed homeowner unless the distressed home purchaser verifies and can demonstrate that the distressed homeowner has a reasonable ability to pay for the subsequent conveyance of an interest back to the distressed homeowner. In the case of a lease with an option to purchase, payment ability also includes the reasonable ability to make the lease payments and purchase the property within the term of the option to purchase. An evaluation of a distressed homeowner's reasonable ability to pay includes debt to income ratios, fair market value of the distressed home, and the distressed homeowner's payment and credit history. There is a rebuttable presumption that the distressed home purchaser has not verified a distressed homeowner's reasonable ability to pay if the distressed home purchaser has not obtained documentation of assets, liabilities, and income, other than an undocumented statement, of the distressed homeowner;

(2) Fail to either:

- 1 (a) Ensure that title to the distressed home has been reconveyed to
2 the distressed homeowner; or
- 3 (b) Make payment to the distressed homeowner so that the distressed
4 homeowner has received consideration in an amount of at least eighty-
5 two percent of the fair market value of the property as of the date of
6 the eviction or voluntary relinquishment of possession of the
7 distressed home by the distressed homeowner. For the purposes of this
8 subsection (2)(b), the following applies:
- 9 (i) There is a rebuttable presumption that an appraisal by a person
10 licensed or certified by an agency of the federal government or this
11 state to appraise real estate constitutes the fair market value of the
12 distressed home;
- 13 (ii) "Consideration" means any payment or thing of value provided
14 to the distressed homeowner, including unpaid rent owed by the
15 distressed homeowner before the date of eviction or voluntary
16 relinquishment of the distressed home, reasonable costs paid to
17 independent third parties necessary to complete the distressed home
18 conveyance transaction, the payment of money to satisfy a debt or legal
19 obligation of the distressed homeowner, or the reasonable cost of
20 repairs for damage to the distressed home caused by the distressed
21 homeowner. "Consideration" does not include amounts imputed as a down
22 payment or fee to the distressed home purchaser or a person acting in
23 participation with the distressed home purchaser;
- 24 (3) Enter into repurchase or lease terms as part of the distressed
25 home conveyance that are unfair or commercially unreasonable, or engage
26 in any other unfair or deceptive acts or practices;
- 27 (4) Represent, directly or indirectly, that (a) the distressed home
28 purchaser is acting as an advisor or consultant, (b) the distressed
29 home purchaser is acting on behalf of or in the interests of the
30 distressed homeowner, or (c) the distressed home purchaser is assisting
31 the distressed homeowner to save the distressed home, buy time, or use
32 other substantially similar language;
- 33 (5) Misrepresent the distressed home purchaser's status as to
34 licensure or certification;
- 35 (6) Perform any of the following until after the time during which
36 the distressed homeowner may cancel the transaction has expired:
- 37 (a) Accept from any distressed homeowner an execution of, or induce

1 any distressed homeowner to execute, any instrument of conveyance of
2 any interest in the distressed home;

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

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

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

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

11 (9) Fail to extinguish or assume all liens encumbering the
12 distressed home immediately following the conveyance of the distressed
13 home;

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

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

19 (1) In addition to the criminal penalties provided in RCW
20 61.34.030, the legislature finds (~~and declares~~) that (~~equity~~
21 ~~skimming substantially affects~~) the practices covered by this chapter
22 are matters vitally affecting the public interest(~~. The commission by~~
23 ~~any person of an act of equity skimming or a pattern of equity skimming~~
24 ~~is an unfair or deceptive act or practice and unfair method of~~
25 ~~competition in the conduct of trade or commerce in violation of RCW~~
26 ~~19.86.020)) for the purpose of applying chapter 19.86 RCW. A violation
27 of this chapter is not reasonable in relation to the development and
28 preservation of business and is an unfair method of competition for the
29 purpose of applying chapter 19.86 RCW.~~

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

1 (3) The remedies provided in this chapter are cumulative and do not
2 restrict any remedy that is otherwise available. The provisions of
3 this chapter are not exclusive and are in addition to any other
4 requirements, rights, remedies, and penalties provided by law. An
5 action under this chapter shall not affect the rights in the distressed
6 home held by a distressed home purchaser for value under this chapter
7 or other applicable law.

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

10 As used in this chapter:

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

12 (2) "Distressed home conveyance" has the same meaning as in RCW
13 61.34.020.

14 (3) "Distressed home purchaser" has the same meaning as in RCW
15 61.34.020.

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

21 ~~((+2))~~ (5) "In danger of foreclosure" means any of the following:

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

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

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

31 (i) The mortgagee;

32 (ii) A person licensed or required to be licensed under chapter
33 19.134 RCW;

34 (iii) A person licensed or required to be licensed under chapter
35 19.146 RCW;

36 (iv) A person licensed or required to be licensed under chapter
37 18.85 RCW;

1 (v) An attorney-at-law;

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

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

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

8 ~~((3))~~ (7) "Mortgage" is used in the general sense and includes
9 all instruments, including deeds of trust, that are used to secure an
10 obligation by an interest in real property.

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

15 ~~((4))~~ (9) "Owner" means one or more persons, jointly or
16 severally, in whom is vested:

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

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

20 ~~((5))~~ (10) "Premises" means a dwelling unit, appurtenances
21 thereto, grounds, and facilities held out for the use of tenants
22 generally and any other area or facility which is held out for use by
23 the tenant.

24 ~~((6))~~ (11) "Rental agreement" means all agreements which
25 establish or modify the terms, conditions, rules, regulations, or any
26 other provisions concerning the use and occupancy of a dwelling unit.

27 ~~((7))~~ (12) A "single family residence" is a structure maintained
28 and used as a single dwelling unit. Notwithstanding that a dwelling
29 unit shares one or more walls with another dwelling unit, it shall be
30 deemed a single family residence if it has direct access to a street
31 and shares neither heating facilities nor hot water equipment, nor any
32 other essential facility or service, with any other dwelling unit.

33 ~~((8))~~ (13) A "tenant" is any person who is entitled to occupy a
34 dwelling unit primarily for living or dwelling purposes under a rental
35 agreement.

36 ~~((9))~~ (14) "Reasonable attorney's fees", where authorized in this
37 chapter, means an amount to be determined including the following
38 factors: The time and labor required, the novelty and difficulty of

1 the questions involved, the skill requisite to perform the legal
2 service properly, the fee customarily charged in the locality for
3 similar legal services, the amount involved and the results obtained,
4 and the experience, reputation and ability of the lawyer or lawyers
5 performing the services.

6 ~~((+10+))~~ (15) "Gang" means a group that: (a) Consists of three or
7 more persons; (b) has identifiable leadership or an identifiable name,
8 sign, or symbol; and (c) on an ongoing basis, regularly conspires and
9 acts in concert mainly for criminal purposes.

10 ~~((+11+))~~ (16) "Gang-related activity" means any activity that
11 occurs within the gang or advances a gang purpose.

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

14 In an unlawful detainer action involving a distressed home:

15 (1) The plaintiff shall disclose to the court whether the defendant
16 previously held title to the distressed home, and explain how the
17 plaintiff came to acquire title;

18 (2) A defendant who previously held title to the distressed home
19 shall not be required to escrow any money pending trial when a material
20 question of fact exists as to whether the plaintiff acquired title from
21 the defendant directly or indirectly through a distressed home
22 conveyance;

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

27 NEW SECTION. Sec. 14. Sections 2 through 10 of this act are each
28 added to chapter 61.34 RCW.

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