RCW 61.24.163 Foreclosure mediation program—Timelines—Procedures—Duties and responsibilities of mediator, borrower, unit owner, and beneficiary—Fees—Annual report. (1) The foreclosure mediation program established in this section applies only to borrowers or unit owners who have been referred to mediation by a housing counselor or attorney. The mediation program under this section is not governed by chapter 7.07 RCW and does not preclude mediation required by a court or other provision of law.

(2) For deed of trust foreclosure, the referral to mediation may be made any time after a notice of default has been issued but no later than 90 days prior to the date of sale listed in the notice of trustee's sale. If an amended notice of trustee's sale is recorded after the trustee sale has been stayed pursuant to RCW 61.24.130, the borrower may be referred to mediation no later than 25 days prior to the date of sale listed in the amended notice of trustee's sale. If the borrower has failed to elect to mediate within the applicable time frame, the borrower and the beneficiary may, but are under no duty to, agree in writing to enter the foreclosure mediation program.

(3) For association foreclosures, the referral to mediation may be made as specified in RCW 61.24.155(7). If the unit owner has failed to elect to mediate within the applicable time frame, the unit owner and the association may, but are under no duty to, agree in writing to enter the foreclosure mediation program.

(4) A housing counselor or attorney referring a borrower or unit owner to mediation shall send a notice to the borrower or unit owner and the department, stating that mediation is appropriate.

(5) Within 10 days of receiving the notice, the department shall:

(a) Send a notice to the beneficiary or association, the borrower or unit owner, the housing counselor or attorney who referred the borrower, and the trustee, if applicable, stating that the parties have been referred to mediation. The notice must include the statements and list of documents and information described in subsections (6) and (7) of this section and a statement explaining each party's responsibility to pay the mediator's fee; and

(b) Select a mediator and notify the parties of the selection.

(6) For deed of trust foreclosures:

(a) Within 23 days of the department's notice that the parties have been referred to mediation, the borrower shall transmit the documents required for mediation to the mediator and the beneficiary. The required documents include an initial homeowner financial information worksheet as required by the department. The worksheet must include, at a minimum, the following information:

(i) The borrower's current and future income;

(ii) Debts and obligations;

(iii) Assets;

(iv) Expenses;

(v) Tax returns for the previous two years;

(vi) Hardship information;

(vii) Other applicable information commonly required by any applicable federal mortgage relief program.

(b) Within 20 days of the beneficiary's receipt of the borrower's documents under this subsection, the beneficiary shall transmit the documents required for mediation to the mediator and the borrower. The required documents include:

(i) An accurate statement containing the balance of the loan within 30 days of the date on which the beneficiary's documents are due to the parties;

(ii) Copies of the note and deed of trust;

(iii) Proof that the entity claiming to be the beneficiary is the owner of any promissory note or obligation secured by the deed of trust. Sufficient proof may be a copy of the declaration described in RCW 61.24.030(7)(a);

(iv) The best estimate of any arrearage and an itemized statement of the arrearages;

(v) An itemized list of the best estimate of fees and charges outstanding;

(vi) The payment history and schedule for the preceding twelve months, or since default, whichever is longer, including a breakdown of all fees and charges claimed;

(vii) All borrower-related and mortgage-related input data used in any net present values analysis. If no net present values analysis is required by the applicable federal mortgage relief program, then the input data required under the federal deposit insurance corporation and published in the federal deposit insurance corporation loan modification program guide, or if that calculation becomes unavailable, substantially similar input data as determined by the department;

(viii) An explanation regarding any denial for a loan modification, forbearance, or other alternative to foreclosure in sufficient detail for a reasonable person to understand why the decision was made;

(ix) Appraisal or other broker price opinion most recently relied upon by the beneficiary not more than 90 days old at the time of the scheduled mediation; and

(x) The portion or excerpt of the pooling and servicing agreement or other investor restriction that prohibits the beneficiary from implementing a modification, if the beneficiary claims it cannot implement a modification due to limitations in a pooling and servicing agreement or other investor restriction, and documentation or a statement detailing the efforts of the beneficiary to obtain a waiver of the pooling and servicing agreement or other investor restriction provisions.

(7) For association foreclosures:

(a) Within 23 days of the department's notice that the parties have been referred to mediation, the association shall transmit the documents required for mediation to the mediator and the unit owner. The required documents include:

(i) An itemized ledger for the preceding 12 months, or since the assessments became past due, whichever is longer. The ledger shall include an itemized list of all dues, fines, special assessments, and any other charges owed, with the date and amount for each item. The ledger should include the total balance owed at the time the ledger is transmitted, accurate within 30 days of the date on which the association's documents are due to the parties;

(ii) Copies of all association liens placed against the property;

(iii) Copies of the current association declarations, bylaws, and any other governing documents for the association.

(b) Within 20 days of the unit owner's receipt of the association's documents, the unit owner shall transmit the documents required for mediation to the mediator and the association. The required documents include:

(i) Evidence of any unit owner payments to the association that are not reflected on the association ledger, if any;

(ii) Statement of hardship, if relevant;

(iii) If the unit owner is interested in a payment plan, a proposed schedule of payments to resolve the arrears.

(8) Within 70 days of receiving the referral from the department, the mediator shall convene a mediation session in the county where the property is located, unless the parties agree on another location. The parties may agree to extend the time in which to schedule the mediation session. If the parties agree to extend the time, the beneficiary or association shall notify the trustee, if applicable, of the extension and the date the mediator is expected to issue the mediator's certification.

(9)(a) The mediator may schedule phone conferences, consultations with the parties individually, and other communications to ensure that the parties have all the necessary information and documents to engage in a productive mediation.

(b) The mediator must send written notice of the time, date, and location of the mediation session to the borrower or unit owner, the beneficiary or association, and the department at least 30 days prior to the mediation session. At a minimum, the notice must contain:

(i) A statement that the borrower or unit owner may be represented in the mediation session by an attorney or other advocate;

(ii) A statement that a person with authority to agree to a resolution, including a proposed settlement, loan modification, repayment plan for assessments, modification of obligations related to the payment of assessments, or dismissal or continuation of the foreclosure proceeding, must be present either in person or on the telephone or videoconference during the mediation session; and

(iii) A statement that the parties have a duty to mediate in good faith and that failure to mediate in good faith may impair the beneficiary's or association's ability to foreclose on the property or the borrower's or unit owner's ability to modify the loan, modify obligations relating to the payment of assessments, or take advantage of other alternatives to foreclosure.

(10)(a) The borrower, the beneficiary or authorized agent, and the mediator must meet in person for the mediation session. In an association foreclosure, the unit owner and association or authorized agent and the mediator are encouraged to meet in person for the mediation session, but may meet by telephone or videoconference. However, a person with authority to agree to a resolution on behalf of the beneficiary or association may be present over the telephone or videoconference during the mediation session.

(b) After the mediation session commences, the mediator may continue the mediation session once, and any further continuances must be with the consent of the parties.

(11) For deed of trust foreclosures, the participants in mediation must address the issues of foreclosure that may enable the borrower and the beneficiary to reach a resolution, including but not limited to reinstatement, modification of the loan, restructuring of the debt, or some other workout plan. To assist the parties in addressing issues of foreclosure, the mediator may require the participants to consider the following:

(a) The borrower's current and future economic circumstances, including the borrower's current and future income, debts, and obligations for the previous 60 days or greater time period as determined by the mediator;

(b) The net present value of receiving payments pursuant to a modified mortgage loan as compared to the anticipated net recovery following foreclosure;

(c) Any affordable loan modification calculation and net present value calculation when required under any federal mortgage relief program and any modification program related to loans insured by the federal housing administration, the veterans administration, and the rural housing service. If such a calculation is not provided or required, then the beneficiary must provide the net present value data inputs established by the federal deposit insurance corporation and published in the federal deposit insurance corporation loan modification program guide or other net present value data inputs as designated by the department. The mediator may run the calculation in order for a productive mediation to occur and to comply with the mediator certification requirement; and

(d) Any other loss mitigation guidelines to loans insured by the federal housing administration, the veterans administration, and the rural housing service, if applicable.

(12) For association foreclosures, the participants in mediation must address the issues which led to foreclosure that may enable the unit owner and the association to reach a resolution including, but not limited to, a delinquent assessment payment plan, waiver of association imposed late fees or attorneys' fees, modification of a delinquent assessment, modification of late fees or charges associated with a delinquent assessment, or any other workout plan.

(13) A violation of the duty to mediate in good faith as required under this section may include:

(a) Failure to timely participate in mediation without good cause;

(b) Failure of the borrower, the unit owner, the beneficiary, or the association to provide the documentation required before mediation or pursuant to the mediator's instructions;

(c) Failure of a party to designate representatives with adequate authority to fully settle, compromise, or otherwise reach resolution with the borrower or unit owner in mediation;

(d) A request by a beneficiary that the borrower waive future claims he or she may have in connection with the deed of trust, as a condition of agreeing to a modification, except for rescission claims under the federal truth in lending act. Nothing in this section precludes a beneficiary from requesting that a borrower dismiss with prejudice any pending claims against the beneficiary, its agents, loan servicer, or trustee, arising from the underlying deed of trust, as a condition of modification; and

(e) A request by the association that the unit owner waive future claims against the association. Nothing in this section precludes an association from requesting that a unit owner dismiss any civil claims against the association related to the present delinquency.

(14) If the mediator reasonably believes a borrower or unit owner will not attend a mediation session based on the borrower's or unit owner's conduct, such as the lack of response to the mediator's communications, the mediator may cancel a scheduled mediation session and send a written cancellation to the department and the trustee and send copies to the parties. The beneficiary or association may proceed with the foreclosure after receipt of the mediator's written confirmation of cancellation.

(15) Within seven business days after the conclusion of the mediation session, the mediator must send a written certification to the department and the trustee and send copies to the parties of:

(a) The date, time, and location of the mediation session;

(b) The names of all persons attending in person and by telephone or videoconference, at the mediation session;

(c) Whether a resolution was reached by the parties, including whether the default or delinquency was cured by reinstatement, modification, or restructuring of the debt, repayment plan, or some other alternative to foreclosure was agreed upon by the parties;

(d) Whether the parties participated in the mediation in good faith; and

(e) For deed of trust foreclosures, if a written agreement was not reached, a description of any net present value test used, along with a copy of the inputs, including the result of any net present value test expressed in a dollar amount.

(16) If the parties are unable to reach an agreement, the beneficiary or association may proceed with the foreclosure after receipt of the mediator's written certification.

(17)(a) The mediator's certification that the beneficiary or association failed to act in good faith in mediation constitutes a defense to the nonjudicial foreclosure action that was the basis for initiating the mediation. In any action to enjoin the foreclosure, the beneficiary or association is entitled to rebut the allegation that it failed to act in good faith.

(b) The mediator's certification that the beneficiary or association failed to act in good faith during mediation does not constitute a defense to a judicial foreclosure or a future nonjudicial foreclosure action if a modification of the loan or delinquent assessment payment plan is agreed upon and the borrower subsequently defaults or unit owner fails to pay assessments.

(c) If an affordable loan modification is not offered in the mediation or a written agreement was not reached and the mediator's certification shows that the net present value of the modified loan exceeds the anticipated net recovery at foreclosure, that showing in the certification constitutes a basis for the borrower to enjoin the foreclosure.

(18) The mediator's certification that the borrower or unit owner failed to act in good faith in mediation authorizes the beneficiary or association to proceed with the foreclosure.

(19)(a) If a borrower or unit owner has been referred to mediation before a notice of trustee sale has been recorded, a trustee may not record the notice of sale until the trustee receives the mediator's certification stating that the mediation has been completed. If the trustee does not receive the mediator's certification, the trustee may record the notice of sale after 10 days from the date the certification to the trustee was due. If, after a notice of sale is recorded under this subsection (19)(a), the mediator subsequently issues a certification finding that the beneficiary or association violated the duty of good faith, the certification constitutes a basis for the borrower or unit owner to enjoin the foreclosure.

(b) If a borrower or unit owner has been referred to mediation after the notice of sale was recorded, the sale may not occur until the trustee receives the mediator's certification stating that the mediation has been completed.

(c) If a unit owner has been referred to mediation before the filing of a judicial foreclosure, the association may not file a complaint for judicial foreclosure until the association receives the mediator's certification stating that the mediation has been completed. If a unit owner has been referred to mediation after the filing of a judicial foreclosure, but prior to the issuance of a judgment in the foreclosure action, the association may not seek judgment in the foreclosure action until the association receives the mediator's certification stating that the mediation has been completed. If the association does not receive the mediator's certification, the association may file for judicial foreclosure or move for judgment in a judicial foreclosure action after 10 days from the date the certification to the association was due. If an association entitled to bring a judicial foreclosure action participates in mediation under this section, the time spent in mediation shall not be a part of the time limited for the commencement of the judicial foreclosure action.

(20) A mediator may charge reasonable fees as authorized by this subsection or as authorized by the department. Unless the fee is waived, the parties agree otherwise, or the department otherwise authorizes, a foreclosure mediator's fee may not exceed $400 for preparing, scheduling, and conducting a mediation session lasting between one hour and three hours. For a mediation session exceeding three hours, the foreclosure mediator may charge a reasonable fee, as authorized by the department. The mediator must provide an estimated fee before the mediation, and payment of the mediator's fee must be divided equally between the beneficiary and the borrower, or between the association and the unit owner. The beneficiary and the borrower, or the association and the unit owner, must tender the mediator's fee within 30 calendar days from receipt of the department's letter referring the parties to mediation or pursuant to the mediator's instructions.

(21) For association foreclosures, the unit owner and the association shall be responsible for their own respective attorneys' fees, if any are incurred during mediation under this section. Legal representation is not required for either party participating in an association foreclosure mediation.

(22) Beginning December 1, 2012, and every year thereafter, the department shall report annually to the legislature on:

(a) The performance of the program, including the number of borrowers who are referred to mediation by a housing counselor or attorney. Beginning December 1, 2026, the report must also include the number of unit owners who are referred to mediation by a housing counselor or attorney;

(b) The results of the mediation program, including the number of mediations requested by housing counselors and attorneys, the number of certifications of good faith issued, the number of borrowers and beneficiaries who failed to mediate in good faith, and the reasons for the failure to mediate in good faith, if known, the numbers of loans restructured or modified, the change in the borrower's monthly payment for principal and interest and the number of principal write-downs and interest rate reductions, and, to the extent practical, the number of borrowers who report a default within a year of restructuring or modification. Beginning December 1, 2026, the report must also include the number of unit owners and associations who failed to mediate in good faith, and the reasons for the failure to mediate in good faith, if known, the number of debts for delinquent assessments restructured

or modified, the change in the unit owner's periodic assessment payments including any reductions in late charges or interest rates, and, to the extent practical, the number of unit owners who report a delinquency within a year of restructuring or modification;

(c) The information received by housing counselors regarding outcomes of foreclosures; and

(d) Any recommendations for changes to the statutes regarding the mediation program.

(23) This section does not apply to certain federally insured depository institutions, as specified in RCW 61.24.166.

(24) The department shall make information and resources regarding common interest community foreclosures and related foreclosure programs and resources publicly available online. The information shall be made available in language translations that the department provides in its other programs and when the information is requested verbally the department shall use a phone-based or other similar interpretive service. The information to be provided must include, but is not limited to, the following:

(a) The housing counseling program;

(b) The meet and confer process;

(c) The foreclosure mediation program;

(d) Language translations of the notice of delinquency for past due assessments; and

(e) Any other programs and resources that the department determines are relevant. [2025 c 393 s 3; 2023 c 206 s 5; 2018 c 306 s 6; 2014 c 164 s 3; 2012 c 185 s 6; 2011 2nd sp.s. c 4 s 1; 2011 c 58 s 7.]

Effective dates—2025 c 393 ss 1-4, 5-7, and 11-14: See note following RCW 61.24.005.

Effective date—2011 2nd sp.s. c 4: "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately [December 20, 2011]." [2011 2nd sp.s. c 4 s 3.]

Findings—Intent—Short title—2011 c 58: See notes following RCW 61.24.005.