



To: All Washington Policy Issuing Agents of WFG National Title Insurance Company
From: WFG Washington Underwriting Department
Date: May 12, 2021
Bulletin No.: WA 2021-01
Subject: Legislative Changes to Washington Homestead Law, RCW Chapter 6.13

The Washington State Legislature passed SB 5408 on April 19, 2021, and was delivered to the Governor for signature on April 26, 2021. It is expected to be signed on May 18, 2021, and would go into effect immediately if signed. The text of the bill is located [here](#).

SB 5408 makes a significant change to the amount of the Homestead Exemption. In place of the statewide \$125,000 exemption, it now is the greater of the county median price from the prior year or \$125,000. For example, in King County the applicable exemption is \$729,600 (RCW 6.13.030); Clark County's exemption amount is \$403,700. The amounts for each county are on the attached report from the [Washington Center for Real Estate Research](#). No county had a median price of \$125,000 or lower. The values on the attached report are to be applied in determining the exemption amount for 2021. In 2022 new values will be provided.

Additionally, the legislature confirmed a dependent of the owner benefits from the Homestead. However, under guidance from the Washington Land Title Association, only a spouse or domestic partner must join in the execution of an encumbrance (*e.g.* Deed of Trust or Mortgage) to encumber the Homestead. (See Section 4 of the Bill, affecting RCW 6.13.060).

The last significant change implemented by the bill is the allowance for the amount of the exemption increasing after the bankruptcy petition is filed based on appreciation of the property. (See Section 5). For example. If the value of the property increases \$10,000 after filing and prior to liquidation, the debtor will enjoy the additional \$10,000, even if the additional \$10,000 exceeds the exemption amount. For example, if the exemption is \$200,000 and the property value was \$195,000 at the time of filing, but the value increased to \$205,000, the debtor would be entitled to the entire \$205,000. Scrutiny of the bankruptcy case documents will be necessary to determine application in insuring situations and underwriting guidance should be sought when evaluating the impact of a bankruptcy case.

The Bulletin will be updated upon signature of the Governor.

NOTE: The information contained in this Bulletin is intended solely for the use of employees of WFG National Title Insurance Company, its title insurance agents and approved attorneys. Disclosure to any other person is expressly prohibited unless approved in writing by the WFG National Title Insurance Company's Underwriting Department.

The Agent may be held responsible for any loss sustained as a result of the failure to follow the standards set forth above.