

SENATE BILL REPORT

SB 6616

As Reported By Senate Committee On:
Judiciary, February 5, 2002

Title: An act relating to collection agencies.

Brief Description: Clarifying that certain entities are not collection agencies.

Sponsors: Senators Kohl-Welles and Winsley.

Brief History:

Committee Activity: Judiciary: 2/4/02, 2/5/02 [DP].

SENATE COMMITTEE ON JUDICIARY

Majority Report: Do pass.

Signed by Senators Kline, Chair; Kastama, Vice Chair; Costa, Long, McCaslin, Roach and Zarelli.

Staff: Lisa Ellis (786-7421)

Background: Homeowners' and condominium associations often contract with management companies to enforce payment of overdue membership dues. If the management company fails to collect payment, an attorney representing the homeowner or condominium association will engage in subsequent collection activities.

The Washington State Community Association Institute (WSCAI) interprets management companies as exempt from the definition of "collection agency" under the business regulations title. WSCAI recommends clarifying the collection agency definition.

Summary of Bill: The definition of "collection agency" does not apply to a person who collects or attempts to collect claims while acting as a managing agent for a condominium or homeowners' association. In order to qualify for this exemption, the homeowners' or condominium association must be subject to the Horizontal Property Regimes Act (Condominiums), Condominium Act, or Homeowners' Association Chapter.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: Management companies provide different services than collection agencies. Allowing management companies to be interpreted as collection agencies would subject management companies to unnecessary regulation.

Testimony Against: None.

Testified: PRO: Terry Kohl, Community Institutes Association.