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SENATE BILL 5334

State of Washington 66th Legislature 2019 Regular Session

By Senators Pedersen, Padden, Mullet, Fortunato, Carlyle, Rivers, Kuderer, Dhingra, Palumbo, Frockt, Wellman, Salomon, Saldaña, Keiser, O'Ban, Billig, Holy, and Darneille

- AN ACT Relating to the Washington uniform common interest ownership act; and amending RCW 64.90.410, 64.90.670, 64.90.010, 64.90.025, 64.90.075, 64.90.080, 64.90.090, 64.90.225, 64.90.245, 64.90.285, 64.90.405, 64.90.445, 64.90.485, 64.90.610, 64.06.005, 6.13.080, and 64.55.005.
- 6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

7 PART I — CONDOMINIUM LIABILITY

- 8 **Sec. 101.** RCW 64.90.410 and 2018 c 277 s 303 are each amended to read as follows:
- 10 (1)(a) Except as provided otherwise in the governing documents, 11 subsection (4) of this section, or other provisions of this chapter, 12 the board may act on behalf of the association.
 - (b) In the performance of their duties, officers and board members must exercise the degree of care and loyalty to the association required of an officer or director of a corporation organized, ((and)) are subject to the conflict of interest rules governing directors and officers, and are entitled to the immunities from liability available to officers and directors under chapter 24.06 RCW. The standards of care and loyalty, and conflict of

p. 1 SB 5334

<u>interest rules and immunities</u> described in this section apply regardless of the form in which the association is organized.

- (2) (a) Except as provided otherwise in RCW 64.90.300(5), effective as of the transition meeting held in accordance with RCW 64.90.415(4), the board must be comprised of at least three members, at least a majority of whom must be unit owners. However, the number of board members need not exceed the number of units then in the common interest community.
- 9 (b) Unless the declaration or organizational documents provide 10 for the election of officers by the unit owners, the board must elect 11 the officers.
 - (c) Unless provided otherwise in the declaration or organizational documents, board members and officers must take office upon adjournment of the meeting at which they were elected or appointed or, if not elected or appointed at a meeting, at the time of such election or appointment, and must serve until their successor takes office.
 - (d) In determining the qualifications of any officer or board member of the association, "unit owner" includes, unless the declaration or organizational documents provide otherwise, any board member, officer, member, partner, or trustee of any person, who is, either alone or in conjunction with another person or persons, a unit owner.
 - (e) Any officer or board member of the association who would not be eligible to serve as such if he or she were not a board member, officer, partner in, or trustee of such a person is disqualified from continuing in office if he or she ceases to have any such affiliation with that person or that person would have been disqualified from continuing in such office as a natural person.
 - (3) Except when voting as a unit owner, the declarant may not appoint or elect any person or to serve itself as a voting, ex officio or nonvoting board member following the transition meeting.
 - (4) The board may not, without vote or agreement of the unit owners:
 - (a) Amend the declaration, except as provided in RCW 64.90.285;
 - (b) Amend the organizational documents of the association;
 - (c) Terminate the common interest community;
- 38 (d) Elect members of the board, but may fill vacancies in its 39 membership not resulting from removal for the unexpired portion of

p. 2 SB 5334

- any term or, if earlier, until the next regularly scheduled election of board members; or
- 3 (e) Determine the qualifications, powers, duties, or terms of 4 office of board members.
 - (5) The board must adopt budgets as provided in RCW 64.90.525.
- 6 (6) Except for committees appointed by the declarant pursuant to special declarant rights, all committees of the association must be appointed by the board. Committees authorized to exercise any power 9 reserved to the board must include at least two board members who 10 have exclusive voting power for that committee. Committees that are 11 not so composed may not exercise the authority of the board and are advisory only.
- **Sec. 102.** RCW 64.90.670 and 2018 c 277 s 415 are each amended to 14 read as follows:
 - (1) A declarant and any dealer warrants to a purchaser of a condominium unit that the unit will be in at least as good condition at the earlier of the time of the conveyance or delivery of possession as it was at the time of contracting, except for reasonable wear and tear and damage by casualty or condemnation.
 - (2) A declarant and any dealer impliedly warrants to a purchaser of a condominium unit that the unit and the common elements in the condominium are suitable for the ordinary uses of real estate of its type and that any improvements made or contracted for by such declarant or dealer will be:
 - (a) Free from defective materials;

- (b) Constructed in accordance with ((sound)) engineering and construction standards, including applicable building codes, generally accepted in the state of Washington at the time of construction; and
 - (c) Constructed in a workmanlike manner((; and
- (d) Constructed in compliance with all laws then applicable to such improvements)).
 - (3) A declarant and any dealer warrants to a purchaser of a condominium unit that may be used for residential use that an existing use, continuation of which is contemplated by the parties, does not violate applicable law at the earlier of the time of conveyance or delivery of possession.
- 38 (4) Warranties imposed under this section may be excluded or 39 modified as specified in RCW 64.90.675.

p. 3 SB 5334

- 1 (5) For purposes of this section, improvements made or contracted 2 for by an affiliate of a declarant are made or contracted for by the 3 declarant.
 - (6) Any conveyance of a condominium unit transfers to the purchaser all of a declarant's or dealer's implied warranties of quality.
 - (7) (a) In a proceeding for breach of any of the obligations arising under this section, the ((plaintiff)) purchaser must show that the alleged breach has adversely affected or will adversely affect the performance of that portion of the unit or common elements alleged to be in breach. Nothing in this section limits the ability of a board to bring claims on behalf of two or more unit owners pursuant to RCW 64.90.405(2)(d).
 - (b) ((As used in this subsection, an adverse effect must be more than technical and must be significant to a reasonable person.)) To establish an adverse effect on performance, the ((person alleging the breach)) purchaser is ((not)) required to prove that the alleged breach ((renders the unit or common element uninhabitable or unfit for its intended purpose)):
 - (i) Is more than technical;

- (ii) Is significant to a reasonable person; and
- (iii) Has caused or will cause physical damage to the unit or common elements; has materially impaired the performance of mechanical, electrical, plumbing, elevator, or similar building equipment; or presents an actual, unreasonable safety risk to the occupants of the condominium.
- (8) Proof of breach of any obligation arising under this section is not proof of damages. Damages awarded for a breach of ((an obligation)) a warranty arising under subsection (2) of this section are the reasonable cost of repairs. However, if it is established that the cost of such repairs is clearly disproportionate to the loss in market value caused by the breach, damages are limited to the loss in market value.

PART II — TECHNICAL CORRECTIONS

- **Sec. 201.** RCW 64.90.010 and 2018 c 277 s 102 are each amended to read as follows:
- The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

p. 4 SB 5334

- 1 (1) "Affiliate of a declarant" means any person who controls, is 2 controlled by, or is under common control with a declarant. For 3 purposes of this subsection:
 - (a) A person controls a declarant if the person:

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- (i) Is a general partner, managing member, officer, director, or employer of the declarant;
- (ii) Directly or indirectly or acting in concert with one or more other persons, or through one or more subsidiaries, owns, controls, holds with power to vote, or holds proxies representing more than twenty percent of the voting interest in the declarant;
- (iii) Controls in any manner the election or appointment of a majority of the directors, managing members, or general partners of the declarant; or
- 14 (iv) Has contributed more than twenty percent of the capital of the declarant.
 - (b) A person is controlled by a declarant if the declarant:
- 17 (i) Is a general partner, managing member, officer, director, or 18 employer of the person;
 - (ii) Directly or indirectly or acting in concert with one or more other persons, or through one or more subsidiaries, owns, controls, holds with power to vote, or holds proxies representing more than twenty percent of the voting interest in the person;
- (iii) Controls in any manner the election or appointment of a majority of the directors, managing members, or general partners of the person; or
- 26 (iv) Has contributed more than twenty percent of the capital of the person.
 - (c) Control does not exist if the powers described in this subsection (1) are held solely as security for an obligation and are not exercised.
- 31 (2) "Allocated interests" means the following interests allocated 32 to each unit:
 - (a) In a condominium, the undivided interest in the common elements, the common expense liability, and votes in the association;
- 35 (b) In a cooperative, the common expense liability, the ownership 36 interest, and votes in the association; and
 - (c) In a plat community and miscellaneous community, the common expense liability and the votes in the association, and also the undivided interest in the common elements if owned in common by the unit owners rather than an association.

p. 5 SB 5334

- (3) "Assessment" means all sums chargeable by the association against a unit, including any assessments levied pursuant to RCW 64.90.480, fines or fees levied or imposed by the association pursuant to this chapter or the governing documents, interest and late charges on any delinquent account, and all costs of collection incurred by the association in connection with the collection of a delinquent owner's account, including reasonable attorneys' fees.
- (4) "Association" or "unit owners association" means the unit owners association organized under RCW 64.90.400 and, to the extent necessary to construe sections of this chapter made applicable to common interest communities pursuant to RCW 64.90.080, 64.90.090, or 64.90.095, the association organized or created to administer such common interest communities.
- 14 (5) "Ballot" means a record designed to cast or register a vote 15 or consent in a form provided or accepted by the association.
 - (6) "Board" means the body, regardless of name, designated in the declaration, map, or organizational documents, with primary authority to manage the affairs of the association.
 - (7) "Common elements" means:

- (a) In a condominium or cooperative, all portions of the common interest community other than the units;
 - (b) In a plat community or miscellaneous community, any real estate other than a unit within a plat community or miscellaneous community that is owned or leased either by the association or in common by the unit owners rather than an association; and
 - (c) In all common interest communities, any other interests in real estate for the benefit of any unit owners that are subject to the declaration.
 - (8) "Common expense" means any expense of the association, including allocations to reserves, allocated to all of the unit owners in accordance with common expense liability.
 - (9) "Common expense liability" means the liability for common expenses allocated to each unit pursuant to RCW 64.90.235.
 - (10) "Common interest community" means real estate described in a declaration with respect to which a person, by virtue of the person's ownership of a unit, is obligated to pay for a share of real estate taxes, insurance premiums, maintenance, or improvement of, or services or other expenses related to, common elements, other units, or other real estate described in the declaration. "Common interest community" does not include an arrangement described in RCW 64.90.110

p. 6 SB 5334

- or 64.90.115. A common interest community may be a part of another common interest community.
- (11) "Condominium" means a common interest community in which portions of the real estate are designated for separate ownership and the remainder of the real estate is designated for common ownership solely by the owners of those portions. A common interest community is not a condominium unless the undivided interests in the common elements are vested in the unit owners.
- 9 (12) "Condominium notice" means the notice given to tenants 10 pursuant to subsection (13)(c) of this section.
 - (13) (a) "Conversion building" means a building:

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- (i) That at any time before creation of the common interest community was lawfully occupied wholly or partially by a tenant or subtenant for residential purposes pursuant to a rental agreement, oral or written, express or implied, who did not receive a condominium notice prior to entering into the rental agreement or lawfully taking occupancy, whichever event occurred first; or
- (ii) That at any time within the twelve months preceding the first acceptance of an agreement with the declarant to convey, or the first conveyance of, any unit in the building, whichever event occurred first, to any person who was not a declarant or dealer, or affiliate of a declarant or dealer, was lawfully occupied wholly or partially by a tenant or subtenant for residential purposes pursuant to a rental agreement, oral or written, express or implied, who did not receive a condominium notice prior to entering into the rental agreement or lawfully taking occupancy, whichever event occurred first.
- 28 (b) A building in a common interest community is a conversion 29 building only if:
- 30 (i) The building contains more than two attached dwelling units 31 as defined in RCW 64.55.010(1); and
- (ii) Acceptance of an agreement to convey, or conveyance of, any unit in the building to any person who was not a declarant or dealer, or affiliate of a declarant or dealer, did not occur prior to July 1, 2018.
- 36 (c) The notice referred to in (a)(i) and (ii) of this subsection 37 must be in writing and must state: "The unit you will be occupying 38 is, or may become, part of a common interest community and subject to 39 sale."

p. 7 SB 5334

- (14) "Convey" or "conveyance" means, with respect to a unit, any transfer of ownership of the unit, including a transfer by deed or by real estate contract and, with respect to a unit in a leasehold common interest community or a proprietary lease in a cooperative, a transfer by lease or assignment of the unit, but does not include the creation, transfer, or release of a security interest.
- (15) "Cooperative" means a common interest community in which the real estate is owned by an association, each member of which is entitled by virtue of the member's ownership interest in the association and by a proprietary lease to exclusive possession of a unit.
- (16) "Dealer" means a person who, together with such person's affiliates, owns or has a right to acquire either six or more units in a common interest community or fifty percent or more of the units in a common interest community containing more than two units.
 - (17) "Declarant" means:

- (a) Any person who executes as declarant a declaration;
- (b) Any person who reserves any special declarant right in a declaration;
- (c) Any person who exercises special declarant rights or to whom special declarant rights are transferred of record. The holding or exercise of rights to maintain sales offices, signs advertising the common interest community, and models, and related right of access, does not confer the status of being a declarant; or
- (d) Any person who is the owner of a fee interest in the real estate that is subjected to the declaration at the time of the recording of an instrument pursuant to RCW 64.90.425 and who directly or through one or more affiliates is materially involved in the construction, marketing, or sale of units in the common interest community created by the recording of the instrument.
- (18) "Declarant control" means the right of the declarant or persons designated by the declarant to appoint or remove any officer or board member of the association or to veto or approve a proposed action of any board or association, pursuant to RCW 64.90.415(1)(a).
- 35 (19) "Declaration" means the instrument, however denominated, 36 that creates a common interest community, including any amendments to 37 the instrument.
- 38 (20) "Development rights" means any right or combination of 39 rights reserved by a declarant in the declaration to:

p. 8 SB 5334

- 1 (a) Add real estate or improvements to a common interest 2 community;
- 3 (b) Create units, common elements, or limited common elements 4 within a common interest community;
- 5 (c) Subdivide or combine units or convert units into common 6 elements;
 - (d) Withdraw real estate from a common interest community; or
- 8 (e) Reallocate limited common elements with respect to units that 9 have not been conveyed by the declarant.

- (21) "Effective age" means the difference between the useful life and remaining useful life.
 - (22) "Electronic transmission" or "electronically transmitted" means any electronic communication (a) not directly involving the physical transfer of a record in a tangible medium and (b) that may be retained, retrieved, and reviewed by the sender and the recipient of the communication, and that may be directly reproduced in a tangible medium by a sender and recipient.
 - (23) "Eligible mortgagee" means the holder of a security interest on a unit that has filed with the secretary of the association a written request that it be given copies of notices of any action by the association that requires the consent of mortgagees.
 - (24) "Foreclosure" means a statutory forfeiture or a judicial or nonjudicial foreclosure of a security interest or a deed or other conveyance in lieu of a security interest.
 - (25) "Full funding plan" means a reserve funding goal of achieving one hundred percent fully funded reserves by the end of the thirty-year study period described under RCW 64.90.550, in which the reserve account balance equals the sum of the estimated costs required to maintain, repair, or replace the deteriorated portions of all reserve components.
 - (26) "Fully funded balance" means the current value of the deteriorated portion, not the total replacement value, of all the reserve components. The fully funded balance for each reserve component is calculated by multiplying the current replacement cost of that reserve component by its effective age, then dividing the result by that reserve component's useful life. The sum total of all reserve components' fully funded balances is the association's fully funded balance.
- 39 (27) "Governing documents" means the organizational documents, 40 map, declaration, rules, or other written instrument by which the

p. 9 SB 5334

association has the authority to exercise any of the powers provided 1 for in this chapter or to manage, maintain, or otherwise affect the property under its jurisdiction.

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- (28) "Identifying number" means a symbol or address that identifies only one unit or limited common element in a common interest community.
- (29) "Leasehold common interest community" means a common interest community in which all or a portion of the real estate is subject to a lease the expiration or termination of which will terminate the common interest community or reduce its size.
- (30) "Limited common element" means a portion of the common elements allocated by the declaration or by operation of RCW 64.90.210 (1)(b) or $((\frac{(2)}{2}))$ for the exclusive use of one or more, but fewer than all, of the unit owners.
- (31) "Map" means: (a) With respect to a plat community, the plat as defined in RCW 58.17.020 and complying with the requirements of Title 58 RCW, and (b) with respect to a condominium, cooperative, or miscellaneous community, a map prepared in accordance with the requirements of RCW 64.90.245.
- (32) "Master association" means an organization described in RCW 20 21 64.90.300, whether or not it is also an association described in RCW 22 64.90.400.
 - (33) "Miscellaneous community" means a common interest community in which units are lawfully created in a manner not inconsistent with chapter 58.17 RCW and that is not a condominium, cooperative, or plat community.
 - (34) "Nominal reserve costs" means that the current estimated total replacement costs of the reserve components are less than fifty percent of the annual budgeted expenses of the association, excluding contributions to the reserve fund, for a condominium or cooperative containing horizontal unit boundaries, and less than seventy-five percent of the annual budgeted expenses of the association, excluding contributions to the reserve fund, for all other common interest communities.
 - (35) "Organizational documents" means the instruments filed with the secretary of state to create an entity and the instruments governing the internal affairs of the entity including, but not limited to, any articles of incorporation, certificate of formation, bylaws, and limited liability company or partnership agreement.

p. 10 SB 5334 (36) "Person" means an individual, corporation, business trust, estate, the trustee or beneficiary of a trust that is not a business trust, partnership, limited liability company, association, joint venture, public corporation, government, or governmental subdivision, agency, or instrumentality, or any other legal entity.

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- (37) "Plat community" means a common interest community in which units have been created by subdivision or short subdivision as both are defined in RCW 58.17.020 and in which the boundaries of units are established pursuant to chapter 58.17 RCW.
- (38) "Proprietary lease" means a written and recordable lease that is executed and acknowledged by the association as lessor and that otherwise complies with requirements applicable to a residential lease of more than one year and pursuant to which a member is entitled to exclusive possession of a unit in a cooperative. A proprietary lease governed under this chapter is not subject to chapter 59.18 RCW except as provided in the declaration.
- 17 (39) "Purchaser" means a person, other than a declarant or a 18 dealer, which by means of a voluntary transfer acquires a legal or 19 equitable interest in a unit other than as security for an 20 obligation.
- 21 (40) "Qualified financial institution" means a bank, savings 22 association, or credit union whose deposits are insured by the 23 federal government.
 - (41) "Real estate" means any leasehold or other estate or interest in, over, or under land, including structures, fixtures, and other improvements and interests that by custom, usage, or law pass with a conveyance of land though not described in the contract of sale or instrument of conveyance. "Real estate" includes parcels with or without upper or lower boundaries and spaces that may be filled with air or water.
- 31 (42) "Real estate contract" has the same meaning as defined in 32 RCW 61.30.010.
- 33 (43) "Record," when used as a noun, means information inscribed 34 on a tangible medium or contained in an electronic transmission.
- 35 (44) "Remaining useful life" means the estimated time, in years, 36 before a reserve component will require major maintenance, repair, or 37 replacement to perform its intended function.
- 38 (45) "Replacement cost" means the estimated total cost to 39 maintain, repair, or replace a reserve component to its original 40 functional condition.

p. 11 SB 5334

(46) "Reserve component" means a physical component of the common interest community which the association is obligated to maintain, repair, or replace, which has an estimated useful life of less than thirty years, and for which the cost of such maintenance, repair, or replacement is infrequent, significant, and impractical to include in an annual budget.

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- (47) "Reserve study professional" means an independent person who is suitably qualified by knowledge, skill, experience, training, or education to prepare a reserve study in accordance with RCW 64.90.545 and 64.90.550. For the purposes of this subsection, "independent" means a person who is not an employee, officer, or director, and has no pecuniary interest in the declarant, association, or any other party for whom the reserve study is prepared.
- 14 (48) "Residential purposes" means use for dwelling or 15 recreational purposes, or both.
 - (49) "Rule" means a policy, guideline, restriction, procedure, or regulation of an association, however denominated, that is not set forth in the declaration or organizational documents and governs the conduct of persons or the use or appearance of property.
 - (50) "Security interest" means an interest in real estate or personal property, created by contract or conveyance that secures payment or performance of an obligation. "Security interest" includes a lien created by a mortgage, deed of trust, real estate contract, lease intended as security, assignment of lease or rents intended as security, pledge of an ownership interest in an association, and any other consensual lien or title retention contract intended as security for an obligation.
- 28 (51) "Special declarant rights" means rights reserved for the 29 benefit of a declarant to:
- 30 (a) Complete any improvements indicated on the map or described 31 in the declaration or the public offering statement pursuant to RCW 32 64.90.610(1)(h);
 - (b) Exercise any development right;
- 34 (c) Maintain sales offices, management offices, signs advertising 35 the common interest community, and models;
- 36 (d) Use easements through the common elements for the purpose of 37 making improvements within the common interest community or within 38 real estate that may be added to the common interest community;
- 39 (e) Make the common interest community subject to a master 40 association;

p. 12 SB 5334

1 (f) Merge or consolidate a common interest community with another 2 common interest community of the same form of ownership;

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- (g) Appoint or remove any officer or board member of the association or any master association or to veto or approve a proposed action of any board or association, pursuant to RCW 64.90.415(1);
- (h) Control any construction, design review, or aesthetic standards committee or process;
- (i) Attend meetings of the unit owners and, except during an executive session, the board;
- (j) Have access to the records of the association to the same extent as a unit owner.
 - (52) "Specially allocated expense" means any expense of the association, including allocations to reserves, allocated to some or all of the unit owners pursuant to RCW 64.90.480 (4) through (8).
 - (53) "Survey" has the same meaning as defined in RCW 58.09.020.
- 17 (54) "Tangible medium" means a writing, copy of a writing, 18 facsimile, or a physical reproduction, each on paper or on other 19 tangible material.
- 20 (55) "Timeshare" has the same meaning as defined in RCW 21 64.36.010.
- 22 (56) "Transition meeting" means the meeting held pursuant to RCW 23 64.90.415(4).
 - (57)(a) "Unit" means a physical portion of the common interest community designated for separate ownership or occupancy, the boundaries of which are described pursuant to RCW 64.90.225(1)(d).
 - (b) If a unit in a cooperative is owned by a unit owner or is sold, conveyed, voluntarily or involuntarily encumbered, or otherwise transferred by a unit owner, the interest in that unit that is owned, sold, conveyed, encumbered, or otherwise transferred is the right to possession of that unit under a proprietary lease, coupled with the allocated interests of that unit, and the association's interest in that unit is not affected.
 - (c) Except as provided in the declaration, a mobile home or manufactured home for which title has been eliminated pursuant to chapter 65.20 RCW is part of the unit described in the title elimination documents.
- (58) (a) "Unit owner" means (i) a declarant or other person that owns a unit or (ii) a lessee of a unit in a leasehold common interest community whose lease expires simultaneously with any lease the

p. 13 SB 5334

- expiration or termination of which will remove the unit from the common interest community, but does not include a person having an interest in a unit solely as security for an obligation.
- (b) "Unit owner" also means the vendee, not the vendor, of a unit under a recorded real estate contract.
- (c) In a condominium, plat community, or miscellaneous community, the declarant is the unit owner of any unit created by the declaration. In a cooperative, the declarant is treated as the unit owner of any unit to which allocated interests have been allocated until that unit has been conveyed to another person.
- 11 (59) "Useful life" means the estimated time during which a 12 reserve component is expected to perform its intended function 13 without major maintenance, repair, or replacement.
 - (60) "Writing" does not include an electronic transmission.
 - (61) "Written" means embodied in a tangible medium.

- **Sec. 202.** RCW 64.90.025 and 2018 c 277 s 105 are each amended to read as follows:
 - (1) A building, fire, health, or safety statute, ordinance, or regulation may not impose any requirement upon any structure in a common interest community that it would not impose upon a physically identical development under a different form of ownership.
 - (2) A zoning, subdivision, or other land use statute, ordinance, or regulation may not prohibit the condominium or cooperative form of ownership or impose any requirement upon a condominium or cooperative or miscellaneous community that it would not impose upon a physically identical development under a different form of ownership.
 - (3) Chapter 58.17 RCW does not apply to the creation of a condominium or a cooperative. This chapter must not be construed to permit the creation of a condominium or cooperative or miscellaneous community on a lot, tract, or parcel of land that could not be sold or transferred without violating chapter 58.17 RCW.
 - (4) Except as provided in subsections (1), (2), and (3) of this section, this chapter does not invalidate or modify any provision of any building, zoning, subdivision, or other statute, ordinance, rule, or regulation governing the use of real estate.
 - (5) This section does not prohibit a county legislative authority from requiring the review and approval of declarations and amendments to declarations and of termination agreements executed pursuant to RCW 64.90.290(2) by the county assessor solely for the purpose of

p. 14 SB 5334

- allocating the assessed value and property taxes. The review by the assessor must be done in a reasonable and timely manner.
- 3 **Sec. 203.** RCW 64.90.075 and 2018 c 277 s 116 are each amended to 4 read as follows:
- 5 (1) Except as provided otherwise in this section, this chapter 6 applies to all common interest communities created within this state 7 after July 1, 2018. Chapters ((59.18)) 58.19, 64.32, 64.34, and 64.38 8 RCW do not apply to common interest communities created after July 1, 9 2018.

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- (2) Unless the declaration provides that this entire chapter is applicable, a plat community or miscellaneous community that is not subject to any development right is subject only to RCW 64.90.020, 64.90.025, and 64.90.030, if the community: (a) Contains no more than twelve units; and (b) provides in its declaration that the annual average assessment of all units restricted to residential purposes, exclusive of optional user fees and any insurance premiums paid by the association, may not exceed three hundred dollars, as adjusted pursuant to RCW 64.90.065.
- 19 (3) The exemption provided in subsection (2) of this section 20 applies only if:
 - (a) The declarant reasonably believes in good faith that the maximum stated assessment will be sufficient to pay the expenses of the association for the community; and
 - (b) The declaration provides that the assessment may not be increased above the limitation in subsection (2) of this section prior to the transition meeting without the consent of unit owners, other than the declarant, holding ninety percent of the votes in the association.
- 29 <u>(4) Except as otherwise provided in RCW 64.90.080, this chapter</u> 30 <u>does not apply to any common interest community created within this</u> 31 <u>state after July 1, 2018, if:</u>
 - (a) That common interest community is made part of a common interest community created in this state prior to July 1, 2018, pursuant to a right expressly set forth in the declaration of the preexisting common interest community; and
- 36 <u>(b) The declaration creating that common interest community</u>
 37 <u>expressly subjects that common interest community to the declaration</u>
 38 <u>of the preexisting common interest community pursuant to such right</u>
 39 described in (a) of this subsection.

p. 15 SB 5334

- 1 **Sec. 204.** RCW 64.90.080 and 2018 c 277 s 117 are each amended to read as follows:
- 3 (1) Except for a nonresidential common interest community 4 described in RCW 64.90.100, RCW 64.90.095 ((and)), 64.90.405(1) (b)
- 5 <u>and (c)</u>, 64.90.525 <u>and 64.90.545</u> apply, and any inconsistent
- 6 provisions of chapter ((59.18)) 58.19, 64.32, 64.34, or 64.38 RCW do
- 7 not apply, to a common interest community created in this state
- 8 before July 1, 2018.
- 9 (2) Except to the extent provided in this subsection, the sections listed in subsection (1) of this section apply only to events and circumstances occurring after July 1, 2018, and do not invalidate existing provisions of the governing documents of those common interest communities. To protect the public interest, RCW 64.90.095 and 64.90.525 supersede existing provisions of the
- 15 governing documents of all plat communities and miscellaneous
- 16 communities previously subject to chapter 64.38 RCW.
- 17 **Sec. 205.** RCW 64.90.090 and 2018 c 277 s 119 are each amended to 18 read as follows:
- 19 <u>(1)</u> Chapter 64.32 RCW does not apply to condominiums created 20 after July 1, 1990, and <u>except as otherwise provided in subsection</u> 21 <u>(2) of this section</u>, chapter 64.34 RCW does not apply to condominiums 22 created after July 1, 2018.
- 23 (2) RCW 64.34.405, 64.34.410, 64.34.415, 64.34.417, 64.34.418, 24 and 64.34.420 continue to apply, and RCW 64.90.605, 64.90.610,
- 25 <u>64.90.615</u>, <u>64.90.620</u>, <u>64.90.625</u>, <u>64.90.630</u>, <u>and 64.90.635</u> <u>do not</u>
- 26 apply, to any public offering statement first delivered to a
- 27 prospective purchaser prior to July 1, 2018, for any common interest
- 28 community created after July 1, 2018. A declarant or dealer who first
- 29 <u>delivered a public offering statement to a prospective purchaser</u>
- 30 pursuant to chapter 64.34 RCW prior to July 1, 2018, is not required
- 31 $\underline{\text{to deliver a new or amended public offering statement to that}}$
- 32 <u>purchaser pursuant to this act.</u>

- 33 **Sec. 206.** RCW 64.90.225 and 2018 c 277 s 206 are each amended to read as follows:
 - (1) The declaration must contain:
- 36 (a) The names of the common interest community and the 37 association and, immediately following the initial recital of the 38 name of the community, a statement that the common interest community

p. 16 SB 5334

1 is a condominium, cooperative, plat community, or miscellaneous 2 community;

- (b) A legal description of the real estate included in the common interest community;
- (c) A statement of the number of units that the declarant has created and, if the declarant has reserved the right to create additional units, the maximum number of such additional units;
- (d) In all common interest communities, a reference to the recorded map creating the units and common elements, if any, subject to the declaration, and in a common interest community other than a plat community, the identifying number of each unit created by the declaration, a description of the boundaries of each unit if and to the extent they are different from the boundaries stated in RCW 64.90.210(1)(a), and with respect to each existing unit, and if known at the time the declaration is recorded, the (i) approximate square footage, (ii) number of whole or partial bathrooms, (iii) number of rooms designated primarily as bedrooms, and (iv) level or levels on which each unit is located. The data described in this subsection (1)(d)(ii) and (iii) may be omitted with respect to units restricted to nonresidential use;
- (e) A description of any limited common elements, other than those specified in RCW 64.90.210 (1)(b) and $((\frac{2}{2}))$
 - (f) A description of any real estate that may be allocated subsequently by the declarant as limited common elements, other than limited common elements specified in RCW 64.90.210 (1)(b) and (((2+))) (3), together with a statement that they may be so allocated;
 - (g) A description of any development right and any other special declarant rights reserved by the declarant, and, if the boundaries of the real estate subject to those rights are fixed in the declaration pursuant to (h)(i) of this subsection, a description of the real property affected by those rights, and a time limit within which each of those rights must be exercised;
 - (h) If any development right may be exercised with respect to different parcels of real estate at different times, a statement to that effect together with:
 - (i) Either a statement fixing the boundaries of those portions and regulating the order in which those portions may be subjected to the exercise of each development right or a statement that no assurances are made in those regards; and

p. 17 SB 5334

1 (ii) A statement as to whether, if any development right is exercised in any portion of the real estate subject to that development right, that development right must be exercised in all or 3 in any other portion of the remainder of that real estate; 4

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- (i) Any other conditions or limitations under which the rights described in (g) of this subsection may be exercised or will lapse;
- (i) An allocation to each unit of the allocated interests in the manner described in RCW 64.90.235;
- (k) Any restrictions on alienation of the units, including any restrictions on leasing that exceed the restrictions on leasing units that boards may impose pursuant to RCW 64.90.510(9)(c) and on the amount for which a unit may be sold or on the amount that may be received by a unit owner on sale, condemnation, or casualty loss to the unit or to the common interest community, or on termination of the common interest community;
- (1) A cross-reference by recording number to the map for the 16 17 units created by the declaration;
 - (m) Any authorization pursuant to which the association may establish and enforce construction and design criteria and aesthetic standards as provided in RCW 64.90.505;
- 21 (n) All matters required under RCW 64.90.230, 64.90.235, 64.90.240, 64.90.275, 64.90.280, and 64.90.410; 22
- 23 (o) A statement on the first page of the declaration whether the common interest community is subject to this chapter. 24
 - (2) All amendments to the declaration must contain a crossreference by recording number to the declaration and to any prior amendments to the declaration. All amendments to the declaration adding units must contain a cross-reference by recording number to the map relating to the added units and set forth all information required under subsection (1) of this section with respect to the added units.
- 32 (3) The declaration may contain any other matters the declarant 33 considers appropriate, including any restrictions on the uses of a unit or the number or other qualifications of persons who may occupy 34 units. 35
- Sec. 207. RCW 64.90.245 and 2018 c 277 s 210 are each amended to 36 read as follows: 37

p. 18 SB 5334 1 (1) A map is required for all common interest communities. For purposes of this chapter, a map must be construed as part of the declaration.

- (2) With the exception of subsections (1), (3), (4), and (14) of this section, this section does not apply to a plat as defined in RCW 58.17.020.
- (3) The map for a common interest community must be executed by the declarant and recorded concurrently with, and contain cross-references by recording number to, the declaration.
- (4) An amendment to a map for a common interest community must be executed by the same party or parties authorized or required to execute an amendment to the declaration, contain cross-references by recording number to the declaration and any amendments to the declaration, and be recorded concurrently with an amendment to the declaration. With respect to a plat community, (a) any amendment to the map must be prepared and recorded in compliance with the requirements, processes, and procedures in chapter 58.17 RCW and of the local subdivision ordinances of the city, town, or county in which the plat community is located, and (b) any amendment to the declaration must conform to the map as so approved and recorded.
- (5) A map for a cooperative may be prepared by a licensed land surveyor, and may be incorporated into the declaration to satisfy subsection (3) of this section and RCW 64.90.225(1)(d). If the map for a cooperative is not prepared by a licensed land surveyor, the map need not contain the certification required in subsection (6)(a) of this section.
- (6) The map for a common interest community must be clear and legible and must contain:
- 29 (a) If the map is a survey, a certification by a licensed land 30 surveyor in substantially the following form:

SURVEYOR CERTIFICATE: This map correctly represents a survey made by me or under my direction in conformance with the requirements of the Survey Recording Act at the request of (name of party requesting the survey) on (date). I hereby certify that this map for (name of common interest community) is based upon an actual survey of the property herein described; that the bearings and distances are correctly shown; that all information required by the Washington Uniform Common Interest Ownership Act is supplied herein; and that all horizontal and vertical boundaries of the units, (1) to

p. 19 SB 5334

- 1 the extent determined by the walls, floors, or ceilings thereof, or
- 2 other physical monuments, are substantially completed in accordance
- 3 with said map, or (2) to the extent such boundaries are not defined
- 4 by physical monuments, such boundaries are shown on the map.
- 5 (Surveyor's name, signature, license or certificate number, and
- 6 acknowledgment)
- 7 (b) If the map is not a survey, a certification in substantially 8 the following form:
- 9 DECLARANT CERTIFICATE: I hereby certify on behalf of 10 (declarant) that this map for (name of common interest community) was made by me or under my direction in conformance with 11 12 the requirements of RCW 64.90.245; that all information required by 13 the Washington Uniform Common Interest Ownership Act is supplied herein; and that all horizontal and vertical boundaries of the units, 14 (1) to the extent determined by the walls, floors, or ceilings 15 thereof, or other physical monuments, are substantially completed in 16 17 accordance with said map, or (2) to the extent such boundaries are not defined by physical monuments, such boundaries are shown on the 18 map. (Declarant's name, signature, and acknowledgment) 19
- 20 (c) A declaration by the declarant in substantially the following 21 form:
- DECLARANT DECLARATION: The undersigned owner or owners of the 22 23 interest in the real estate described herein hereby declare this map 24 and dedicate the same for a common interest community named 25 (name of common interest community), a (type of community), as that term is defined in the Washington Uniform Common Interest 26 27 Ownership Act, solely to meet the requirements of the Washington 28 Uniform Common Interest Ownership Act and not for any public purpose. This map and any portion thereof is restricted by law and the 29 Declaration for (name of common interest community), recorded 30 under (name of county in which the common interest community is 31 located) County Recording No. (recording number). (Declarant's 32 name, signature, and acknowledgment) 33
- 34 (7) Each map filed for a common interest community, and any 35 amendments to the map, must be in the style, size, form, and quality 36 as prescribed by the recording authority of the county where filed, 37 and a copy must be delivered to the county assessor.

p. 20 SB 5334

(8) Each map prepared for a common interest community in compliance with this chapter, and any amendments to the map, must show or state:

- (a) The name of the common interest community and, immediately following the name of the community, a statement that the common interest community is a condominium, cooperative, or miscellaneous community as defined in this chapter. A local jurisdiction may also require that the name of a plat community on the survey, plat, or map be followed by a statement that the common interest community is a plat community as defined in this chapter;
- 11 (b) A legal description of the land in the common interest 12 community;
 - (c) As to a condominium, a survey of the land in the condominium, and as to a cooperative, a survey or a drawing of the land included in the entire cooperative that complies with the other requirements of this section;
 - (d) If the boundaries of land subject to the development right to withdraw are fixed in the declaration or an amendment to the declaration pursuant to RCW 64.90.225(1)(h)(i), and subject to the provisions of the declaration, an amendment to the map if not contained in the initial recorded map, the legal description and boundaries of that land, labeled "MAY BE WITHDRAWN FROM THE [COMMON INTEREST COMMUNITY];
 - (e) If the boundaries of land subject to the development right to add units that will result in the reallocation of allocated interests is fixed in the declaration or an amendment to the declaration pursuant to RCW 64.90.225(1)(h)(i), and subject to the provisions of the declaration, the legal description and boundaries of that land, labeled "SUBJECT TO DEVELOPMENT RIGHTS TO ADD UNITS THAT WILL RESULT IN A REALLOCATION OF ALLOCATED INTERESTS";
- 31 (f) The location and dimensions of all existing buildings 32 containing or comprising units;
- 33 (g) The extent of any encroachments by or upon any portion of the 34 common interest community;
 - (h) To the extent feasible, the location and dimensions of all recorded easements serving or burdening any portion of the common interest community and any unrecorded easements of which a surveyor or declarant knows or reasonably should have known;
 - (i) The location and dimensions of vertical unit boundaries;

p. 21 SB 5334

(j) The location with reference to an established datum of horizontal unit boundaries, and that unit's identifying number. With respect to a cooperative, miscellaneous community, or condominium for which the horizontal boundaries are not defined by physical monuments, reference to an established datum is not required if the location of the horizontal boundaries of a unit is otherwise reasonably described or depicted;

- (k) The legal description and the location and dimensions of any real estate in which the unit owners will own only an estate for years, labeled as "LEASEHOLD REAL ESTATE";
- (1) The distance between any noncontiguous parcels of real estate comprising the common interest community;
- 13 (m) The general location of any existing principal common 14 amenities listed in a public offering statement under RCW 15 64.90.610(1)(k);
 - (n) The general location of porches, decks, balconies, patios, storage facilities, moorage spaces, or parking spaces that are allocated as limited common elements, and any applicable identifying number or designation; and
- 20 (o) As to any survey, all other matters customarily shown on land 21 surveys.
 - (9) The map for a common interest community may also show the anticipated approximate location and dimensions of any contemplated improvement to be constructed anywhere within the common interest community, and any contemplated improvement shown must be labeled either "MUST BE BUILT" or "NEED NOT BE BUILT."
 - (10) The map for a common interest community must identify any unit in which the declarant has reserved the right to create additional units or common elements under RCW 64.90.250(3).
 - (11) Unless the declaration provides otherwise, any horizontal boundary of part of a unit located outside a building has the same elevation as the horizontal boundary of the inside part and need not be depicted on the map.
 - (12) Upon exercising any development right, the declarant must record either new maps necessary to conform to the requirements of subsections (3), (4), (6), and (8) of this section, or new certifications of any map previously recorded if that map otherwise conforms to the requirements of subsections (3), (4), (6), and (8) of this section.

p. 22 SB 5334

(13) Any survey and the surveyor certifications required under this section must be made by a licensed surveyor.

- (14) As to a plat community, the information required under subsections (6)(a) and (c), (8)(d) through (g), (k), (m), and (n), (9), and (10) of this section is required, but may be shown on a map incorporated in or attached to the declaration, and need not be shown on the plat community map. Any such map is deemed a map for purposes of applying the provisions of this section, and the declarant must provide the certification required under subsection (6)(b) of this section.
- (15) In showing or projecting the location and dimensions of the vertical boundaries of a unit located in a building, it is not necessary to show the thickness of the walls constituting the vertical boundaries or otherwise show the distance of those vertical boundaries either from the exterior surface of the building containing that unit or from adjacent vertical boundaries of other units if: (a) The walls are designated to be the vertical boundaries of that unit; (b) the unit is located within a building, the location and dimensions of the building having been shown on the map under subsection (8)(f) of this section; and (c) the graphic general location of the vertical boundaries are shown in relation to the exterior surfaces of that building and to the vertical boundaries of other units within that building.
- **Sec. 208.** RCW 64.90.285 and 2018 c 277 s 218 are each amended to 25 read as follows:
 - (1) (a) Except in cases of amendments that may be executed by: A declarant under subsection (10) of this section, RCW 64.90.240(2), 64.90.245(12), 64.90.250, or 64.90.415(2)(d); the association under RCW 64.90.030, 64.90.230(5), 64.90.240(3), 64.90.260(1), or 64.90.265 or subsection (11) of this section; or certain unit owners under RCW 64.90.240(2), 64.90.260(1), 64.90.265(2), or 64.90.290(2), and except as limited by subsections (4), (6), (7), (8), and (12) of this section, the declaration may be amended only by vote or agreement of unit owners of units to which at least sixty-seven percent of the votes in the association are allocated, unless the declaration specifies a different percentage not to exceed ninety percent for all amendments or for specific subjects of amendment. For purposes of this section, "amendment" means any change to the declaration,

p. 23 SB 5334

including adding, removing, or modifying restrictions contained in a declaration.

- (b) If the declaration requires the approval of another person as a condition of its effectiveness, the amendment is not valid without that approval; however, any right of approval may not result in an expansion of special declarant rights reserved in the declaration or violate any other section of this chapter, including RCW 64.90.015, 64.90.050, 64.90.055, and 64.90.060.
- (2) In the absence of fraud, any action to challenge the validity of an amendment adopted by the association may not be brought more than one year after the amendment is recorded.
- (3) Every amendment to the declaration must be recorded in every county in which any portion of the common interest community is located and is effective only upon recordation. An amendment, except an amendment pursuant to RCW 64.90.260(1), must be indexed in the grantee's index in the name of the common interest community and the association and in the grantor's index in the name of the parties executing the amendment.
- (4) Except to the extent expressly permitted or required under this chapter, an amendment may not create or increase special declarant rights, increase the number of units, change the boundaries of any unit, or change the allocated interests of a unit without the consent of unit owners to which at least ninety percent of the votes in the association are allocated, including the consent of any unit owner of a unit, the boundaries of which or allocated interest of which is changed by the amendment.
- (5) Amendments to the declaration required to be executed by the association must be executed by any authorized officer of the association who must certify in the amendment that it was properly adopted.
- (6) The declaration may require a higher percentage of unit owner approval for an amendment that is intended to prohibit or materially restrict the uses of units permitted under the applicable zoning ordinances, or to protect the interests of members of a defined class of owners, or to protect other legitimate interests of the association or its members. Subject to subsection (13) of this section, a declaration may not require, as a condition for amendment, approval by more than ninety percent of the votes in the association or by all but one unit owner, whichever is less. An amendment

p. 24 SB 5334

approved under this subsection must provide reasonable protection for a use permitted at the time the amendment was adopted.

- (7) The time limits specified in the declaration pursuant to RCW 64.90.225(1)(g) within which reserved development rights must be exercised may be extended, and additional development rights may be created, if persons entitled to cast at least eighty percent of the votes in the association, including eighty percent of the votes allocated to units not owned by the declarant, agree to that action. The agreement is effective thirty days after an amendment to the declaration reflecting the terms of the agreement is recorded unless all the persons holding the affected special declarant rights, or security interests in those rights, record a written objection within the thirty-day period, in which case the amendment is void, or consent in writing at the time the amendment is recorded, in which case the amendment is effective when recorded.
- (8) A provision in the declaration creating special declarant rights that have not expired may not be amended without the consent of the declarant.
- (9) If any provision of this chapter or the declaration requires the consent of a holder of a security interest in a unit as a condition to the effectiveness of an amendment to the declaration, the consent is deemed granted if a refusal to consent in a record is not received by the association within sixty days after the association delivers notice of the proposed amendment to the holder at an address for notice provided by the holder or mails the notice to the holder by certified mail, return receipt requested, at that address. If the holder has not provided an address for notice to the association, the association must provide notice to the address in the security interest of record.
- (10) Upon thirty-day advance notice to unit owners, the declarant may, without a vote of the unit owners or approval by the board, unilaterally adopt, execute, and record a corrective amendment or supplement to the governing documents to correct a mathematical mistake, an inconsistency, or a scrivener's error, or clarify an ambiguity in the governing documents with respect to an objectively verifiable fact including, without limitation, recalculating the undivided interest in the common elements, the liability for common expenses, or the number of votes in the unit owners' association appertaining to a unit, within five years after the recordation or adoption of the governing document containing or creating the

p. 25 SB 5334

mistake, inconsistency, error, or ambiguity. Any such amendment or supplement may not materially reduce what the obligations of the declarant would have been if the mistake, inconsistency, error, or ambiguity had not occurred.

- (11) Upon thirty-day advance notice to unit owners, the association may, upon a vote of two-thirds of the members of the board, without a vote of the unit owners, adopt, execute, and record an amendment to the declaration for the following purposes:
- (a) To correct or supplement the governing documents as provided in subsection (10) of this section;
 - (b) To remove language and otherwise amend as necessary to effect the removal of language purporting to forbid or restrict the conveyance, encumbrance, occupancy, or lease to: Individuals of a specified race, creed, color, sex, or national origin; individuals with sensory, mental, or physical disabilities; and families with children or any other legally protected classification;
 - (c) To remove language and otherwise amend as necessary to effect the removal of language that purports to impose limitations on the power of the association beyond the limit authorized in RCW 64.90.405(((1)(u))) (3)(a) to deal with the declarant that are more restrictive than the limitations imposed on the power of the association to deal with other persons; and
 - (d) To remove any other language and otherwise amend as necessary to effect the removal of language purporting to limit the rights of the association or its unit owners in direct conflict with this chapter.
 - (12) If the declaration requires that amendments to the declaration may be adopted only if the amendment is signed by a specified number or percentage of unit owners and if the common interest community contains more than twenty units, such requirement is deemed satisfied if the association obtains such signatures or the vote or agreement of unit owners holding such number or percentage.
 - (13)(a) If the declaration requires that amendments to the declaration may be adopted only by the vote or agreement of unit owners of units to which more than sixty-seven percent of the votes in the association are allocated, and the percentage required is otherwise consistent with this chapter, the amendment is approved if:
- 38 (i) The approval of the percentage specified in the declaration 39 is obtained;

p. 26 SB 5334

- 1 (ii) (A) Unit owners of units to which at least sixty-seven 2 percent of the votes in the association are allocated vote for or 3 agree to the proposed amendment;
 - (B) A unit owner does not vote against the proposed amendment; and
 - (C) Notice of the proposed amendment, including notice that the failure of a unit owner to object may result in the adoption of the amendment, is delivered to the unit owners holding the votes in the association that have not voted or agreed to the proposed amendment and no written objection to the proposed amendment is received by the association within sixty days after the association delivers notice; or
- (iii) (A) Unit owners of units to which at least sixty-seven percent of the votes in the association are allocated vote for or agree to the proposed amendment;
- 16 (B) At least one unit owner objects to the proposed amendment; 17 and
 - (C) Pursuant to an action brought by the association in the county in which the common interest community is situated against all objecting unit owners, the court finds, under the totality of circumstances including, but not limited to, the subject matter of the amendment, the purpose of the amendment, the percentage voting to approve the amendment, and the percentage objecting to the amendment, that the amendment is reasonable.
- 25 (b) If the declaration requires the affirmative vote or approval 26 of any particular unit owner or class of unit owners as a condition 27 of its effectiveness, the amendment is not valid without that vote or 28 approval.
- 29 **Sec. 209.** RCW 64.90.405 and 2018 c 277 s 302 are each amended to 30 read as follows:
 - (1) An association must:

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- (a) Adopt organizational documents;
- 33 (b) Adopt budgets as provided in RCW 64.90.525;
- 34 (c) Impose assessments for common expenses and specially 35 allocated expenses on the unit owners as provided in RCW 64.90.080(1) 36 and 64.90.525;
- 37 (d) Prepare financial statements as provided in RCW 64.90.530; 38 and

p. 27 SB 5334

- 1 (e) Deposit and maintain the funds of the association in accounts 2 as provided in RCW 64.90.530.
 - (2) Except as provided otherwise in subsection (4) of this section and subject to the provisions of the declaration, the association may:
 - (a) Amend organizational documents and adopt and amend rules;
 - (b) Amend budgets under RCW 64.90.525;

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- 8 (c) Hire and discharge managing agents and other employees, 9 agents, and independent contractors;
- 10 (d) Institute, defend, or intervene in litigation or in 11 arbitration, mediation, or administrative proceedings or any other 12 legal proceeding in its own name on behalf of itself or two or more 13 unit owners on matters affecting the common interest community;
- 14 (e) Make contracts and incur liabilities subject to subsection 15 (4) of this section;
- 16 (f) Regulate the use, maintenance, repair, replacement, and modification of common elements;
- 18 (g) Cause additional improvements to be made as a part of the 19 common elements;
- 20 (h) Acquire, hold, encumber, and convey in its own name any 21 right, title, or interest to real estate or personal property, but:
 - (i) Common elements in a condominium, plat community, or miscellaneous community may be conveyed or subjected to a security interest pursuant to RCW 64.90.465 only; and
- (ii) Part of a cooperative may be conveyed, or all or part of a cooperative may be subjected to a security interest pursuant to RCW 64.90.465 only;
 - (i) Grant easements, leases, licenses, and concessions through or over the common elements and petition for or consent to the vacation of streets and alleys;
- 31 (j) Impose and collect any reasonable payments, fees, or charges 32 for:
- (i) The use, rental, or operation of the common elements, other than limited common elements described in RCW 64.90.210 (1)(b) and (3);
- 36 (ii) Services provided to unit owners; and
- 37 (iii) Moving in, moving out, or transferring title to units to 38 the extent provided for in the declaration;
- 39 (k) Collect assessments and impose and collect reasonable charges 40 for late payment of assessments;

p. 28 SB 5334

(1) Enforce the governing documents and, after notice and opportunity to be heard, impose and collect reasonable fines for violations of the governing documents in accordance with a previously established schedule of fines adopted by the board of directors and furnished to the owners;

- (m) Impose and collect reasonable charges for the preparation and recordation of amendments to the declaration, resale certificates required under RCW 64.90.640, lender questionnaires, or statements of unpaid assessments;
- 10 (n) Provide for the indemnification of its officers and board 11 members, to the extent provided in RCW 23B.17.030;
 - (o) Maintain directors' and officers' liability insurance;
 - (p) Subject to subsection (4) of this section, assign its right to future income, including the right to receive assessments;
 - (q) Join in a petition for the establishment of a parking and business improvement area, participate in the ratepayers' board or other advisory body set up by the legislative authority for operation of a parking and business improvement area, and pay special assessments levied by the legislative authority on a parking and business improvement area encompassing the condominium property for activities and projects that benefit the condominium directly or indirectly;
- 23 (r) Establish and administer a reserve account as described in 24 RCW 64.90.535;
 - (s) Prepare a reserve study as described in RCW 64.90.545;
 - (t) Exercise any other powers conferred by the declaration or organizational documents;
 - (u) Exercise all other powers that may be exercised in this state by the same type of entity as the association;
- 30 (v) Exercise any other powers necessary and proper for the 31 governance and operation of the association;
 - (w) Require that disputes between the association and unit owners or between two or more unit owners regarding the common interest community, other than those governed by chapter 64.50 RCW, be submitted to nonbinding alternative dispute resolution as a prerequisite to commencement of a judicial proceeding; and
- 37 (x) Suspend any right or privilege of a unit owner who fails to 38 pay an assessment, but may not:
- 39 (i) Deny a unit owner or other occupant access to the owner's 40 unit;

p. 29 SB 5334

(ii) Suspend a unit owner's right to vote; or

- (iii) Withhold services provided to a unit or a unit owner by the association if the effect of withholding the service would be to endanger the health, safety, or property of any person.
- (3) The declaration may not limit the power of the association beyond the limit authorized in subsection (2)(w) of this section to:
- (a) Deal with the declarant if the limit is more restrictive than the limit imposed on the power of the association to deal with other persons; or
- 10 (b) Institute litigation or an arbitration, mediation, or 11 administrative proceeding against any person, subject to the 12 following:
 - (i) The association must comply with chapter 64.50 RCW, if applicable, before instituting any proceeding described in chapter 64.50 RCW in connection with construction defects; and
 - (ii) The board must promptly provide notice to the unit owners of any legal proceeding in which the association is a party other than proceedings involving enforcement of rules or to recover unpaid assessments or other sums due the association.
 - (4) Any borrowing by an association that is to be secured by an assignment of the association's right to receive future income pursuant to subsection (2)(e) and (p) of this section requires ratification by the unit owners as provided in this subsection.
 - (a) The board must provide notice of the intent to borrow to all unit owners. The notice must include the purpose and maximum amount of the loan, the estimated amount and term of any assessments required to repay the loan, a reasonably detailed projection of how the money will be expended, and the interest rate and term of the loan.
 - (b) In the notice, the board must set a date for a meeting of the unit owners, which must not be less than fourteen and no more than ((sixty)) fifty days after mailing of the notice, to consider ratification of the borrowing.
 - (c) Unless at that meeting, whether or not a quorum is present, unit owners holding a majority of the votes in the association or any larger percentage specified in the declaration reject the proposal to borrow funds, the association may proceed to borrow the funds in substantial accordance with the terms contained in the notice.

p. 30 SB 5334

(5) If a tenant of a unit owner violates the governing documents, in addition to exercising any of its powers against the unit owner, the association may:

- (a) Exercise directly against the tenant the powers described in subsection (2)(1) of this section;
- (b) After giving notice to the tenant and the unit owner and an opportunity to be heard, levy reasonable fines against the tenant and unit owner for the violation; and
- (c) Enforce any other rights against the tenant for the violation that the unit owner as the landlord could lawfully have exercised under the lease or that the association could lawfully have exercised directly against the unit owner, or both; but the association does not have the right to terminate a lease or evict a tenant unless permitted by the declaration. The rights referred to in this subsection (5)(c) may be exercised only if the tenant or unit owner fails to cure the violation within ten days after the association notifies the tenant and unit owner of that violation.
 - (6) Unless a lease otherwise provides, this section does not:
- (a) Affect rights that the unit owner has to enforce the lease or that the association has under other law; or
- (b) Permit the association to enforce a lease to which it is not a party in the absence of a violation of the governing documents.
- (7) The board may determine whether to take enforcement action by exercising the association's power to impose sanctions or commencing an action for a violation of the governing documents, including whether to compromise any claim for unpaid assessments or other claim made by or against it.
- (8) The board does not have a duty to take enforcement action if it determines that, under the facts and circumstances presented:
- 30 (a) The association's legal position does not justify taking any 31 or further enforcement action;
 - (b) The covenant, restriction, or rule being enforced is, or is likely to be construed as, inconsistent with law;
 - (c) Although a violation may exist or may have occurred, it is not so material as to be objectionable to a reasonable person or to justify expending the association's resources; or
- 37 (d) It is not in the association's best interests to pursue an 38 enforcement action.
- 39 (9) The board's decision under subsections (7) and (8) of this 40 section to not pursue enforcement under one set of circumstances does

p. 31 SB 5334

- 1 not prevent the board from taking enforcement action under another
- 2 set of circumstances, but the board may not be arbitrary or
- 3 capricious in taking enforcement action.

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- 4 **Sec. 210.** RCW 64.90.445 and 2018 c 277 s 310 are each amended to read as follows:
 - (1) The following requirements apply to unit owner meetings:
 - (a) A meeting of the association must be held at least once each year. Failure to hold an annual meeting does not cause a forfeiture or give cause for dissolution of the association and does not affect otherwise valid association acts.
 - (b) (i) An association must hold a special meeting of unit owners to address any matter affecting the common interest community or the association if its president, a majority of the board, or unit owners having at least twenty percent, or any lower percentage specified in the organizational documents, of the votes in the association request that the secretary call the meeting.
 - (ii) If the association does not provide notice to unit owners of a special meeting within thirty days after the requisite number or percentage of unit owners request the secretary to do so, the requesting members may directly provide notice to all the unit owners of the meeting. Only matters described in the meeting notice required in (c) of this subsection may be considered at a special meeting.
 - (c) An association must provide notice to unit owners of the time, date, and place of each annual and special unit owners meeting not less than fourteen days and not more than fifty days before the meeting date. Notice may be by any means described in RCW 64.90.515. The notice of any meeting must state the time, date, and place of the meeting and the items on the agenda, including:
- 29 (i) The text of any proposed amendment to the declaration or 30 organizational documents;
- 31 (ii) Any changes in the previously approved budget that result in 32 a change in the assessment obligations; and
 - (iii) Any proposal to remove a board member or officer.
- 34 (d) The minimum time to provide notice required in (c) of this 35 subsection may be reduced or waived for a meeting called to deal with 36 an emergency.
- 37 (e) Unit owners must be given a reasonable opportunity at any 38 meeting to comment regarding any matter affecting the common interest 39 community or the association.

p. 32 SB 5334

- (f) The declaration or organizational documents may allow for meetings of unit owners to be conducted by telephonic, video, or other conferencing process, if the process is consistent with subsection (2)(i) of this section.
- (2) The following requirements apply to meetings of the board and committees authorized to act for the board:
- (a) Meetings must be open to the unit owners except during executive sessions, but the board may expel or prohibit attendance by any person who, after warning by the chair of the meeting, disrupts the meeting. The board and those committees may hold an executive session only during a regular or special meeting of the board or a committee. A final vote or action may not be taken during an executive session.
 - (b) An executive session may be held only to:

- 15 (i) Consult with the association's attorney concerning legal 16 matters;
 - (ii) Discuss existing or potential litigation or mediation, arbitration, or administrative proceedings;
 - (iii) Discuss labor or personnel matters;
 - (iv) Discuss contracts, leases, and other commercial transactions to purchase or provide goods or services currently being negotiated, including the review of bids or proposals, if premature general knowledge of those matters would place the association at a disadvantage; or
 - (v) Prevent public knowledge of the matter to be discussed if the board or committee determines that public knowledge would violate the privacy of any person.
 - (c) For purposes of this subsection, a gathering of members of the board or committees at which the board or committee members do not conduct association business is not a meeting of the board or committee. Board members and committee members may not use incidental or social gatherings to evade the open meeting requirements of this subsection.
 - (d) During the period of declarant control, the board must meet at least four times a year. At least one of those meetings must be held at the common interest community or at a place convenient to the community. After the transition meeting, all board meetings must be at the common interest community or at a place convenient to the common interest community unless the unit owners amend the bylaws to vary the location of those meetings.

p. 33 SB 5334

(e) At each board meeting, the board must provide a reasonable opportunity for unit owners to comment regarding matters affecting the common interest community and the association.

- (f) Unless the meeting is included in a schedule given to the unit owners or the meeting is called to deal with an emergency, the secretary or other officer specified in the organizational documents must provide notice of each board meeting to each board member and to the unit owners. The notice must be given at least fourteen days before the meeting and must state the time, date, place, and agenda of the meeting.
- (g) If any materials are distributed to the board before the meeting, the board must make copies of those materials reasonably available to ((those)) the unit owners, except that the board need not make available copies of unapproved minutes or materials that are to be considered in executive session.
- (h) Unless the organizational documents provide otherwise, fewer than all board members may participate in a regular or special meeting by or conduct a meeting through the use of any means of communication by which all board members participating can hear each other during the meeting. A board member participating in a meeting by these means is deemed to be present in person at the meeting.
- (i) Unless the organizational documents provide otherwise, the board may meet by participation of all board members by telephonic, video, or other conferencing process if:
- (i) The meeting notice states the conferencing process to be used and provides information explaining how unit owners may participate in the conference directly or by meeting at a central location or conference connection; and
- (ii) The process provides all unit owners the opportunity to hear or perceive the discussion and to comment as provided in (e) of this subsection.
- (j) After the transition meeting, unit owners may amend the organizational documents to vary the procedures for meetings described in (i) of this subsection.
- (k) Instead of meeting, the board may act by unanimous consent as documented in a record by all its members. Actions taken by unanimous consent must be kept as a record of the association with the meeting minutes. After the transition meeting, the board may act by unanimous consent only to undertake ministerial actions, actions subject to

p. 34 SB 5334

ratification by the unit owners, or to implement actions previously taken at a meeting of the board.

- (1) A board member who is present at a board meeting at which any action is taken is presumed to have assented to the action taken unless the board member's dissent or abstention to such action is lodged with the person acting as the secretary of the meeting before adjournment of the meeting or provided in a record to the secretary of the association immediately after adjournment of the meeting. The right to dissent or abstain does not apply to a board member who voted in favor of such action at the meeting.
- (m) A board member may not vote by proxy or absentee ballot.
- (n) Even if an action by the board is not in compliance with this section, it is valid unless set aside by a court. A challenge to the validity of an action of the board for failure to comply with this section may not be brought more than ninety days after the minutes of the board of the meeting at which the action was taken are approved or the record of that action is distributed to unit owners, whichever is later.
- 19 (3) Minutes of all unit owner meetings and board meetings, 20 excluding executive sessions, must be maintained in a record. The 21 decision on each matter voted upon at a board meeting or unit owner 22 meeting must be recorded in the minutes.
- **Sec. 211.** RCW 64.90.485 and 2018 c 277 s 318 are each amended to 24 read as follows:
 - (1) The association has a statutory lien on each unit for any unpaid assessment against the unit from the time such assessment is due.
- 28 (2) A lien under this section has priority over all other liens 29 and encumbrances on a unit except:
 - (a) Liens and encumbrances recorded before the recordation of the declaration and, in a cooperative, liens and encumbrances that the association creates, assumes, or takes subject to;
 - (b) Except as otherwise provided in subsection (3) of this section, a security interest on the unit recorded before the date on which the unpaid assessment became due or, in a cooperative, a security interest encumbering only the unit owner's interest and perfected before the date on which the unpaid assessment became due; and

p. 35 SB 5334

- 1 (c) Liens for real estate taxes and other state or local 2 governmental assessments or charges against the unit or cooperative.
 - (3) (a) A lien under this section also has priority over the security interests described in subsection (2) (b) of this section to the extent of an amount equal to the following:
 - (i) The common expense assessments, excluding any amounts for capital improvements, based on the periodic budget adopted by the association pursuant to RCW 64.90.480(1), along with any specially allocated assessments that are properly assessable against the unit under such periodic budget, which would have become due in the absence of acceleration during the six months immediately preceding the institution of proceedings to foreclose either the association's lien or a security interest described in subsection (2)(b) of this section;
 - (ii) The association's actual costs and reasonable attorneys' fees incurred in foreclosing its lien but incurred after the giving of the notice described in (a)(iii) of this subsection; provided, however, that the costs and reasonable attorneys' fees that will have priority under this subsection (3)(a)(ii) shall not exceed two thousand dollars or an amount equal to the amounts described in (a)(i) of this subsection, whichever is less;
 - (iii) The amounts described in (a)(ii) of this subsection shall be prior only to the security interest of the holder of a security interest on the unit recorded before the date on which the unpaid assessment became due and only if the association has given that holder not less than sixty days' prior written notice that the owner of the unit is in default in payment of an assessment. The notice shall contain:
 - (A) Name of the borrower;

- (B) Recording date of the trust deed or mortgage;
- (C) Recording information;
- 32 (D) Name of condominium, unit owner, and unit designation stated 33 in the declaration or applicable supplemental declaration;
 - (E) Amount of unpaid assessment; and
 - (F) A statement that failure to, within sixty days of the written notice, submit the association payment of six months of assessments as described in (a)(i) of this subsection will result in the priority of the amounts described in (a)(ii) of this subsection; and
- (iv) Upon payment of the amounts described in (a)(i) and (ii) of this subsection by the holder of a security interest, the

p. 36 SB 5334

- association's lien described in this subsection (3)(a) shall thereafter be fully subordinated to the lien of such holder's security interest on the unit.
 - (b) For the purposes of this subsection:

- (i) "Institution of proceedings" means either:
- 6 (A) The date of recording of a notice of trustee's sale by a deed 7 of trust beneficiary;
 - (B) The date of commencement, pursuant to applicable court rules, of an action for judicial foreclosure either by the association or by the holder of a recorded security interest; or
- 11 (C) The date of recording of a notice of intention to forfeit in 12 a real estate contract forfeiture proceeding by the vendor under a 13 real estate contract.
 - (ii) "Capital improvements" does not include making, in the ordinary course of management, repairs to common elements or replacements of the common elements with substantially similar items, subject to: (A) Availability of materials and products, (B) prevailing law, or (C) sound engineering and construction standards then prevailing.
 - (c) The adoption of a periodic budget that purports to allocate to a unit any fines, late charges, interest, attorneys' fees and costs incurred for services unrelated to the foreclosure of the association's lien, other collection charges, or specially allocated assessments assessed under RCW 64.90.480 (6) or (7) does not cause any such items to be included in the priority amount affecting such unit.
 - (4) Subsections (2) and (3) of this section do not affect the priority of mechanics' or material suppliers' liens to the extent that law of this state other than chapter 277, Laws of 2018 gives priority to such liens, or the priority of liens for other assessments made by the association.
 - (5) A lien under this section is not subject to chapter 6.13 RCW.
 - (6) If the association forecloses its lien under this section nonjudicially pursuant to chapter 61.24 RCW, as provided under subsection (13) of this section, the association is not entitled to the lien priority provided for under subsection (3) of this section, and is subject to the limitations on deficiency judgments as provided in chapter 61.24 RCW.
 - (7) Unless the declaration provides otherwise, if two or more associations have liens for assessments created at any time on the

p. 37 SB 5334

same property, those liens have equal priority as to each other, and any foreclosure of one such lien shall not affect the lien of the other.

- (8) Recording of the declaration constitutes record notice and perfection of the statutory lien created under this section. Further notice or recordation of any claim of lien for assessment under this section is not required, but is not prohibited.
- (9) A lien for unpaid assessments and the personal liability for payment of those assessments are extinguished unless proceedings to enforce the lien or collect the debt are instituted within six years after the full amount of the assessments sought to be recovered becomes due.
- (10) This section does not prohibit actions against unit owners to recover sums for which subsection (1) of this section creates a lien or prohibit an association from taking a deed in lieu of foreclosure.
- (11) The association upon written request must furnish to a unit owner or a mortgagee a statement signed by an officer or authorized agent of the association setting forth the amount of unpaid assessments or the priority amount against that unit, or both. The statement must be furnished within fifteen days after receipt of the request and is binding on the association, the board, and every unit owner unless, and to the extent, known by the recipient to be false. The liability of a recipient who reasonably relies upon the statement must not exceed the amount set forth in any statement furnished pursuant to this section or RCW 64.90.640(1)(b).
- (12) In a cooperative, upon nonpayment of an assessment on a unit, the unit owner may be evicted in the same manner as provided by law in the case of an unlawful holdover by a commercial tenant, and the lien may be foreclosed as provided under this section.
- 31 (13) The association's lien may be foreclosed in accordance with 32 (a) and (b) of this subsection.
 - (a) In a common interest community other than a cooperative, the association's lien may be foreclosed judicially in accordance with chapter 61.12 RCW, subject to any rights of redemption under chapter 6.23 RCW.
 - (b) The lien may be enforced nonjudicially in the manner set forth in chapter 61.24 RCW for nonjudicial foreclosure of deeds of trust if the declaration: Contains a grant of the common interest community in trust to a trustee qualified under RCW 61.24.010 to

p. 38 SB 5334

secure the obligations of the unit owners to the association for the 1 payment of assessments, contains a power of sale, provides in its 2 3 terms that the units are not used principally for agricultural purposes, and provides that the power of sale is operative in the 4 case of a default in the obligation to pay assessments. The 5 6 association or its authorized representative may purchase the unit at 7 the foreclosure sale and acquire, hold, lease, mortgage, or convey the unit. Upon an express waiver in the complaint of any right to a 8 deficiency judgment in a judicial foreclosure action, the period of 9 redemption is eight months. 10

(c) In a cooperative in which the unit owners' interests in the units are real estate, the association's lien must be foreclosed in like manner as a mortgage on real estate or by power of sale under (b) of this subsection.

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- (d) In a cooperative in which the unit owners' interests in the units are personal property, the association's lien must be foreclosed in like manner as a security interest under chapter 62A.9A RCW.
- (14) If the unit owner's interest in a unit in a cooperative is real estate, the following requirements apply:
- The association, upon nonpayment of assessments compliance with this subsection, may sell that unit at a public sale or by private negotiation, and at any time and place. The association must give to the unit owner and any lessee of the unit owner reasonable notice in a record of the time, date, and place of any public sale or, if a private sale is intended, of the intention of entering into a contract to sell and of the time and date after which a private conveyance may be made. Such notice must also be sent to any other person that has a recorded interest in the unit that would be cut off by the sale, but only if the recorded interest was on record seven weeks before the date specified in the notice as the date of any public sale or seven weeks before the date specified in the notice as the date after which a private sale may be made. The notices required under this subsection may be sent to any address reasonable in the circumstances. A sale may not be held until five weeks after the sending of the notice. The association may buy at any public sale and, if the sale is conducted by a fiduciary or other person not related to the association, at a private sale.
- (b) Unless otherwise agreed to or as stated in this section, the unit owner is liable for any deficiency in a foreclosure sale.

p. 39 SB 5334

- 1 (c) The proceeds of a foreclosure sale must be applied in the following order:
 - (i) The reasonable expenses of sale;

- (ii) The reasonable expenses of securing possession before sale; the reasonable expenses of holding, maintaining, and preparing the unit for sale, including payment of taxes and other governmental charges and premiums on insurance; and, to the extent provided for by agreement between the association and the unit owner, reasonable attorneys' fees, costs, and other legal expenses incurred by the association;
- (iii) Satisfaction of the association's lien;
- 12 (iv) Satisfaction in the order of priority of any subordinate 13 claim of record; and
 - (v) Remittance of any excess to the unit owner.
 - (d) A good-faith purchaser for value acquires the unit free of the association's debt that gave rise to the lien under which the foreclosure sale occurred and any subordinate interest, even though the association or other person conducting the sale failed to comply with this section. The person conducting the sale must execute a conveyance to the purchaser sufficient to convey the unit and stating that it is executed by the person after a foreclosure of the association's lien by power of sale and that the person was empowered to make the sale. Signature and title or authority of the person signing the conveyance as grantor and a recital of the facts of nonpayment of the assessment and of the giving of the notices required under this subsection are sufficient proof of the facts recited and of the authority to sign. Further proof of authority is not required even though the association is named as grantee in the conveyance.
 - (e) At any time before the association has conveyed a unit in a cooperative or entered into a contract for its conveyance under the power of sale, the unit owners or the holder of any subordinate security interest may cure the unit owner's default and prevent sale or other conveyance by tendering the performance due under the security agreement, including any amounts due because of exercise of a right to accelerate, plus the reasonable expenses of proceeding to foreclosure incurred to the time of tender, including reasonable attorneys' fees and costs of the creditor.
 - (15) In an action by an association to collect assessments or to foreclose a lien on a unit under this section, the court may appoint

p. 40 SB 5334

a receiver to collect all sums alleged to be due and owing to a unit owner before commencement or during pendency of the action. The receivership is governed under chapter 7.60 RCW. During pendency of the action, the court may order the receiver to pay sums held by the receiver to the association for any assessments against the unit. The exercise of rights under this subsection by the association does not affect the priority of preexisting liens on the unit.

- (16) Except as provided in subsection (3) of this section, the holder of a mortgage or other purchaser of a unit who obtains the right of possession of the unit through foreclosure is not liable for assessments or installments of assessments that became due prior to such right of possession. Such unpaid assessments are deemed to be common expenses collectible from all the unit owners, including such mortgagee or other purchaser of the unit. Foreclosure of a mortgage does not relieve the prior unit owner of personal liability for assessments accruing against the unit prior to the date of such sale as provided in this subsection.
- (17) In addition to constituting a lien on the unit, each assessment is the joint and several obligation of the unit owner of the unit to which the same are assessed as of the time the assessment is due. A unit owner may not exempt himself or herself from liability for assessments. In a voluntary conveyance other than by foreclosure, the grantee of a unit is jointly and severally liable with the grantor for all unpaid assessments against the grantor up to the time of the grantor's conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee. Suit to recover a personal judgment for any delinquent assessment is maintainable in any court of competent jurisdiction without foreclosing or waiving the lien securing such sums.
- (18) The association may from time to time establish reasonable late charges and a rate of interest to be charged, not to exceed the maximum rate calculated under RCW 19.52.020, on all subsequent delinquent assessments or installments of assessments. If the association does not establish such a rate, delinquent assessments bear interest from the date of delinquency at the maximum rate calculated under RCW 19.52.020 on the date on which the assessments became delinquent.
- (19) The association is entitled to recover any costs and reasonable attorneys' fees incurred in connection with the collection of delinquent assessments, whether or not such collection activities

p. 41 SB 5334

- result in a suit being commenced or prosecuted to judgment. The prevailing party is also entitled to recover costs and reasonable attorneys' fees in such suits, including any appeals, if it prevails on appeal and in the enforcement of a judgment.
- 5 (20) To the extent not inconsistent with this section, the 6 declaration may provide for such additional remedies for collection 7 of assessments as may be permitted by law.
- 8 (21) An association may not commence an action to foreclose a 9 lien on a unit under this section unless:
- 10 (a) The unit owner, at the time the action is commenced, owes a 11 sum equal to at least three months of common expense assessments; and
- 12 (b) The board approves commencement of a foreclosure action specifically against that unit.
- 14 (22) Every aspect of a collection, foreclosure, sale, or other 15 conveyance under this section, including the method, advertising, 16 time, date, place, and terms, must be commercially reasonable.
- 17 **Sec. 212.** RCW 64.90.610 and 2018 c 277 s 403 are each amended to 18 read as follows:
- 19 (1) A public offering statement must contain the following 20 information:
 - (a) The name and address of the declarant;

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- 22 (b) The name and address or location of the management company, 23 if any;
- (c) The relationship of the management company to the declarant, if any;
 - (d) The name and address of the common interest community;
 - (e) A statement whether the common interest community is a condominium, cooperative, plat community, or miscellaneous community;
 - (f) A list, current as of the date the public offering statement is prepared, of up to the five most recent common interest communities in which at least one unit was sold by the declarant or an affiliate of the declarant within the past five years, including the names of the common interest communities and their addresses;
 - (g) The nature of the interest being offered for sale;
 - (h) A general description of the common interest community, including to the extent known to the declarant, the types and number of buildings that the declarant anticipates including in the common interest community and the declarant's schedule of commencement and completion of such buildings and principal common amenities;

p. 42 SB 5334

1 (i) The status of construction of the units and common elements, 2 including estimated dates of completion if not completed;

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- (j) The number of existing units in the common interest community;
- (k) Brief descriptions of (i) the existing principal common amenities, (ii) those amenities that will be added to the common interest community, and (iii) those amenities that may be added to the common interest community;
- 9 (1) A brief description of the limited common elements, other 10 than those described in RCW 64.90.210 (1)(b) and (3), that may be 11 allocated to the units being offered for sale;
 - (m) The identification of any rights of persons other than unit owners to use any of the common elements, and a description of the terms of such use;
 - (n) The identification of any real property not in the common interest community that unit owners have a right to use and a description of the terms of such use;
 - (o) Any services the declarant provides or expenses that the declarant pays that are not reflected in the budget, but that the declarant expects may become at any subsequent time a common expense of the association, and the projected common expense attributable to each of those services or expenses;
- 23 (p) An estimate of any assessment or payment required by the declaration to be paid by the purchaser of a unit at closing;
 - (q) A brief description of any liens or monetary encumbrances on the title to the common elements that will not be discharged at closing;
 - (r) A brief description or a copy of any express construction warranties to be provided to the purchaser;
- 30 (s) A statement, as required under RCW 64.35.210, as to whether 31 the units or common elements of the common interest community are 32 covered by a qualified warranty;
- 33 (t) If applicable to the common interest community, a statement 34 whether the common interest community contains any multiunit 35 residential building subject to chapter 64.55 RCW and, if so, 36 whether:
- 37 (i) The building enclosure has been designed and inspected to the extent required under RCW 64.55.010 through 64.55.090; and
 - (ii) Any repairs required under RCW 64.55.090 have been made;

p. 43 SB 5334

- (u) A statement of any unsatisfied judgments or pending suits against the association and the status of any pending suits material to the common interest community of which the declarant has actual knowledge;
- (v) A statement of any litigation brought by an owners' association, unit owner, or governmental entity in which the declarant or any affiliate of the declarant has been a defendant arising out of the construction, sale, or administration of any common interest community within the previous five years, together with the results of the litigation, if known;
 - (w) A brief description of:

- (i) Any restrictions on use or occupancy of the units contained in the governing documents;
- (ii) Any restrictions on the renting or leasing of units by the declarant or other unit owners contained in the governing documents;
- (iii) Any rights of first refusal to lease or purchase any unit or any of the common elements contained in the governing documents; and
- (iv) Any restriction on the amount for which a unit may be sold or on the amount that may be received by a unit owner on sale;
- 21 (x) A description of the insurance coverage provided for the 22 benefit of unit owners;
 - (y) Any current or expected fees or charges not included in the common expenses to be paid by unit owners for the use of the common elements and other facilities related to the common interest community, together with any fees or charges not included in the common expenses to be paid by unit owners to any master or other association;
 - (z) The extent, if any, to which bonds or other assurances from third parties have been provided for completion of all improvements that the declarant is obligated to build pursuant to RCW 64.90.695;
 - (aa) In a cooperative, a statement whether the unit owners are entitled, for federal, state, and local income tax purposes, to a pass-through of any deductions for payments made by the association for real estate taxes and interest paid to the holder of a security interest encumbering the cooperative;
- 37 (bb) In a cooperative, a statement as to the effect on every unit 38 owner's interest in the cooperative if the association fails to pay 39 real estate taxes or payments due to the holder of a security 40 interest encumbering the cooperative;

p. 44 SB 5334

(cc) In a leasehold common interest community, a statement whether the expiration or termination of any lease may terminate the common interest community or reduce its size, the recording number of any such lease or a statement of where the complete lease may be inspected, the date on which such lease is scheduled to expire, a description of the real estate subject to such lease, a statement whether the unit owners have a right to redeem the reversion, a statement whether the unit owners have a right to remove any improvements at the expiration or termination of such lease, a statement of any rights of the unit owners to renew such lease, and a reference to the sections of the declaration where such information may be found;

- (dd) A summary of, and information on how to obtain a full copy of, any reserve study and a statement as to whether or not it was prepared in accordance with RCW 64.90.545 and 64.90.550 or the governing documents;
- 17 (ee) A brief description of any arrangement described in RCW 64.90.110 binding the association;
- 19 (ff) The estimated current common expense liability for the units 20 being offered;
 - (gg) Except for real property taxes, real property assessments and utility liens, any assessments, fees, or other charges known to the declarant and which, if not paid, may constitute a lien against any unit or common elements in favor of any governmental agency;
 - (hh) A brief description of any parts of the common interest community, other than the owner's unit, which any owner must maintain;
 - (ii) Whether timesharing is permitted or prohibited, and, if permitted, a statement that the purchaser of a timeshare unit is entitled to receive the disclosure document required under chapter 64.36 RCW;
 - (jj) If the common interest community is subject to any special declarant rights, the information required under RCW 64.90.615;
- 34 (kk) Any liens on real estate to be conveyed to the association 35 required to be disclosed pursuant to RCW 64.90.650(3)(b);
- 36 (11) A list of any physical hazards known to the declarant that 37 particularly affect the common interest community or the immediate 38 vicinity in which the common interest community is located and which 39 are not readily ascertainable by the purchaser;

p. 45 SB 5334

(mm) Any building code violation of which the declarant has actual knowledge and which has not been corrected;

- (nn) If the common interest community contains one or more conversion buildings, the information required under RCW 64.90.620 and 64.90.655(6)(a);
- (oo) If the public offering statement is related to conveyance of a unit in a multiunit residential building as defined in RCW 64.55.010, for which the final certificate of occupancy was issued more than sixty calendar months prior to the preparation of the public offering statement either: A copy of a report prepared by an independent, licensed architect or engineer or a statement by the declarant based on such report that describes, to the extent reasonably ascertainable, the present condition of all structural components and mechanical and electrical installations of the conversion buildings material to the use and enjoyment of the conversion buildings;
- (pp) Any other information and cross-references that the declarant believes will be helpful in describing the common interest community to the recipients of the public offering statement, all of which may be included or not included at the option of the declarant; and
- 22 (qq) A description of any age-related occupancy restrictions 23 affecting the common interest community.
 - (2) The public offering statement must begin with notices substantially in the following forms and in conspicuous type:
 - (a) "RIGHT TO CANCEL. (1) You are entitled to receive a copy of this public offering statement and all material amendments to this public offering statement before conveyance of your unit. Under RCW 64.90.635, you have the right to cancel your contract for the purchase of your unit within seven days after first receiving this public offering statement. If this public offering statement is first provided to you more than seven days before you sign your contract for the purchase of your unit, you have no right to cancel your contract. If this public offering statement is first provided to you seven days or less before you sign your contract for the purchase of your unit, you have the right to cancel, before conveyance of the unit, the executed contract by delivering, no later than the seventh day after first receiving this public offering statement, a notice of cancellation pursuant to section (3) of this notice. If this public offering statement is first provided to you less than seven days

p. 46 SB 5334

before the closing date for the conveyance of your unit, you may, before conveyance of your unit to you, extend the closing date to a date not more than seven days after you first received this public offering statement, so that you may have seven days to cancel your contract for the purchase of your unit.

- (2) You have no right to cancel your contract upon receipt of an amendment to this public offering statement; however, this does not eliminate any right to rescind your contract, due to the disclosure of the information in the amendment, that is otherwise available to you under generally applicable contract law.
- (3) If you elect to cancel your contract pursuant to this notice, you may do so by hand-delivering notice of cancellation, or by mailing notice of cancellation by prepaid United States mail, to the seller at the address set forth in this public offering statement or at the address of the seller's registered agent for service of process. The date of such notice is the date of receipt, if hand-delivered, or the date of deposit in the United States mail, if mailed. Cancellation is without penalty, and all payments made to the seller by you before cancellation must be refunded promptly."
- (b) "OTHER DOCUMENTS CREATING BINDING LEGAL OBLIGATIONS. This public offering statement is a summary of some of the significant aspects of purchasing a unit in this common interest community. The governing documents and the purchase agreement are complex, contain other important information, and create binding legal obligations. You should consider seeking the assistance of legal counsel."
- (c) "OTHER REPRESENTATIONS. You may not rely on any statement, promise, model, depiction, or description unless it is (1) contained in the public offering statement delivered to you or (2) made in writing signed by the declarant or dealer or the declarant's or dealer's agent identified in the public offering statement. A statement of opinion, or a commendation of the real estate, its quality, or its value, does not create a warranty, and a statement, promise, model, depiction, or description does not create a warranty if it discloses that it is only proposed, is not representative, or is subject to change."
- (d) "MODEL UNITS. Model units are intended to provide you with a general idea of what a finished unit might look like. Units being offered for sale may vary from the model unit in terms of floor plan, fixtures, finishes, and equipment. You are advised to obtain specific information about the unit you are considering purchasing."

p. 47 SB 5334

(e) "RESERVE STUDY. The association [does] [does not] have a current reserve study. Any reserve study should be reviewed carefully. It may not include all reserve components that will require major maintenance, repair, or replacement in future years, and may not include regular contributions to a reserve account for the cost of such maintenance, repair, or replacement. You may encounter certain risks, including being required to pay as a special assessment your share of expenses for the cost of major maintenance, repair, or replacement of a reserve component, as a result of the failure to: (1) Have a current reserve study or fully funded reserves, (2) include a component in a reserve study, or (3) provide any or sufficient contributions to a reserve account for a component."

- (f) "DEPOSITS AND PAYMENTS. Only earnest money and reservation deposits are required to be placed in an escrow or trust account. Any other payments you make to the seller of a unit are at risk and may be lost if the seller defaults."
- (g) "CONSTRUCTION DEFECT CLAIMS. Chapter 64.50 RCW contains important requirements you must follow before you may file a lawsuit for defective construction against the seller or builder of your home. Forty-five days before you file your lawsuit, you must deliver to the seller or builder a written notice of any construction conditions you allege are defective and provide your seller or builder the opportunity to make an offer to repair or pay for the defects. You are not obligated to accept any offer made by the builder or seller. There are strict deadlines and procedures under state law, and failure to follow them may affect your ability to file a lawsuit."
- (h) "ASSOCIATION INSURANCE. The extent to which association insurance provides coverage for the benefit of unit owners (including furnishings, fixtures, and equipment in a unit) is determined by the provisions of the declaration and the association's insurance policy, which may be modified from time to time. You and your personal insurance agent should read the declaration and the association's policy prior to closing to determine what insurance is required of the association and unit owners, unit owners' rights and duties, what is and is not covered by the association's policy, and what additional insurance you should obtain."
- 39 (i) "QUALIFIED WARRANTY. Your unit [is] [is not] covered by a 40 qualified warranty under chapter 64.35 RCW."

p. 48 SB 5334

- (3) The public offering statement must include copies of each of the following documents: The declaration; the ((survey)) map; the organizational documents; the rules ((and regulations)), if any; the current or proposed budget for the association; a dated balance sheet of the association; any inspection and repair report or reports prepared in accordance with the requirements of RCW 64.55.090; and any qualified warranty provided to a purchaser by a declarant together with a history of claims under the qualified warranty. If any of these documents are not in final form, the documents must be marked "draft" and, before closing the sale of a unit, the purchaser must be given notice of any material changes to the draft documents.
- 12 (4) A declarant must promptly amend the public offering statement 13 to reflect any material change in the information required under this 14 section.
- 15 **Sec. 213.** RCW 64.06.005 and 2010 c 64 s 1 are each amended to 16 read as follows:
- The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.
- 19 (1) "Commercial real estate" has the same meaning as in RCW 20 60.42.005.
 - (2) "Improved residential real property" means:

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- 22 (a) Real property consisting of, or improved by, one to four 23 residential dwelling units;
 - (b) A residential condominium as defined in RCW $64.34.020((\frac{(9)}{(9)}))$ (10), unless the sale is subject to the public offering statement requirement in the Washington condominium act, chapter 64.34 RCW;
- (c) A residential timeshare, as defined in RCW 64.36.010(11), unless subject to written disclosure under the Washington timeshare act, chapter 64.36 RCW; ((ex))
- 30 (d) A mobile or manufactured home, as defined in RCW 43.22.335 or 31 46.04.302, that is personal property; or
- (e) A residential common interest community as defined in RCW 64.90.010(10) unless the sale is subject to the public offering statement requirement in the Washington uniform common interest ownership act, chapter 64.90 RCW.
- 36 (3) "Residential real property" means both improved and unimproved residential real property.

p. 49 SB 5334

1 (4) "Seller disclosure statement" means the form to be completed 2 by the seller of residential real property as prescribed by this 3 chapter.

- (5) "Unimproved residential real property" means property zoned for residential use that is not improved by one or more residential dwelling units, a residential condominium, a residential timeshare, or a mobile or manufactured home. It does not include commercial real estate or property defined as "timberland" under RCW 84.34.020.
- 9 (6) "Improved residential property," "unimproved residential property," and "commercial real estate" do not include a condominium unit created under chapter 64.90 RCW after July 1, 2018, if the buyer of the unit entered into a contract to purchase the unit prior to July 1, 2018, and received a public offering statement pursuant to chapter 64.34 RCW prior to July 1, 2018.
- **Sec. 214.** RCW 6.13.080 and 2018 c 277 s 501 are each amended to 16 read as follows:

The homestead exemption is not available against an execution or forced sale in satisfaction of judgments obtained:

- (1) On debts secured by mechanic's, laborer's, construction, maritime, automobile repair, material supplier's, or vendor's liens arising out of and against the particular property claimed as a homestead;
- (2) On debts secured (a) by security agreements describing as collateral the property that is claimed as a homestead or (b) by mortgages or deeds of trust on the premises that have been executed and acknowledged by both spouses or both domestic partners or by any claimant not married or in a state registered domestic partnership;
- (3) On one spouse's or one domestic partner's or the community's debts existing at the time of that spouse's or that domestic partner's bankruptcy filing where (a) bankruptcy is filed by both spouses or both domestic partners within a six-month period, other than in a joint case or a case in which their assets are jointly administered, and (b) the other spouse or other domestic partner exempts property from property of the estate under the bankruptcy exemption provisions of 11 U.S.C. Sec. 522(d);
- (4) On debts arising from a lawful court order or decree or administrative order establishing a child support obligation or obligation to pay maintenance;

p. 50 SB 5334

1 (5) On debts owing to the state of Washington for recovery of 2 medical assistance correctly paid on behalf of an individual 3 consistent with 42 U.S.C. Sec. 1396p;

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- (6) On debts secured by ((an)) a condominium, homeowners', or common interest community association's lien; or
- 6 (7) On debts owed for taxes collected under chapters 82.08, 82.12, and 82.14 RCW but not remitted to the department of revenue.
- 8 **Sec. 215.** RCW 64.55.005 and 2005 c 456 s 1 are each amended to 9 read as follows:
- 10 (1)(a) RCW 64.55.010 through 64.55.090 apply to any multiunit 11 residential building for which the permit for construction or 12 rehabilitative construction of such building was issued on or after 13 August 1, 2005.
- (b) RCW 64.55.010 and 64.55.090 apply to conversion condominiums as defined in RCW 64.34.020 or conversion buildings as defined in RCW 64.90.010, provided that RCW 64.55.090 shall not apply to a condominium conversion for which a public offering statement had been delivered pursuant to chapter 64.34 RCW prior to August 1, 2005.
 - (2) RCW 64.55.010 and 64.55.100 through 64.55.160 and 64.34.415 apply to any action that alleges breach of an implied or express warranty under chapter 64.34 RCW or that seeks relief that could be awarded for such breach, regardless of the legal theory ((pled)) pleaded, except that RCW 64.55.100 through 64.55.160 and 64.34.415 shall not apply to:
 - (a) Actions filed or served prior to August 1, 2005;
- 26 (b) Actions for which a notice of claim was served pursuant to 27 chapter 64.50 RCW prior to August 1, 2005;
- 28 (c) Actions asserting any claim regarding a building that is not 29 a multiunit residential building;
- 30 (d) Actions asserting any claim regarding a multiunit residential 31 building that was permitted on or after August 1, 2005, unless the 32 letter required by RCW 64.55.060 has been submitted to the 33 appropriate building department or the requirements of RCW 64.55.090 have been satisfied.
- 35 (3) Other than the requirements imposed by RCW 64.55.010 through 64.55.090, nothing in this chapter amends or modifies the provisions of RCW 64.34.050.

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p. 51 SB 5334