

RCW 64.38.045 Financial and other records—Property of association—Copies—Annual financial statement—Accounts—Requirements for retaining. (Effective until January 1, 2028.)

(1) The association or its managing agent shall keep financial and other records sufficiently detailed to enable the association to fully declare to each owner the true statement of its financial status. All financial and other records of the association, including but not limited to checks, bank records, and invoices, in whatever form they are kept, are the property of the association. Each association managing agent shall turn over all original books and records to the association immediately upon termination of the management relationship with the association, or upon such other demand as is made by the board of directors. An association managing agent is entitled to keep copies of association records. All records which the managing agent has turned over to the association shall be made reasonably available for the examination and copying by the managing agent.

(2) At least annually, the association shall prepare, or cause to be prepared, a financial statement of the association. The financial statements of associations with annual assessments of \$50,000 or more shall be audited at least annually by an independent certified public accountant, but the audit may be waived if 67 percent of the votes cast by owners, in person or by proxy, at a meeting of the association at which a quorum is present, vote each year to waive the audit.

(3) The funds of the association shall be kept in accounts in the name of the association and shall not be commingled with the funds of any other association, nor with the funds of any manager of the association or any other person responsible for the custody of such funds.

(4) An association must retain the following:

(a) The current budget, detailed records of receipts and expenditures affecting the operation and administration of the association, and other appropriate accounting records within the last seven years;

(b) Minutes of all meetings of its owners and board other than executive sessions, a record of all actions taken by the owners or board without a meeting, and a record of all actions taken by a committee in place of the board on behalf of the association;

(c) The names of current owners, addresses used by the association to communicate with them, and the number of votes allocated to each lot;

(d) Its original or restated declaration, organizational documents, all amendments to the declaration and organizational documents, and all rules currently in effect;

(e) All financial statements and tax returns of the association for the past seven years;

(f) A list of the names and addresses of its current board members and officers;

(g) Its most recent annual report delivered to the secretary of state, if any;

(h) Copies of contracts to which it is or was a party within the last seven years;

(i) Materials relied upon by the board or any committee to approve or deny any requests for design or architectural approval for a period of seven years after the decision is made;

(j) Materials relied upon by the board or any committee concerning a decision to enforce the governing documents for a period of seven years after the decision is made;

(k) Copies of insurance policies under which the association is a named insured;

(l) Any current warranties provided to the association;

(m) Copies of all notices provided to owners or the association in accordance with this chapter or the governing documents; and

(n) Ballots, proxies, absentee ballots, and other records related to voting by owners for one year after the election, action, or vote to which they relate.

(5) (a) Subject to subsections (6) through (8) of this section, and except as provided in (b) of this subsection, all records required to be retained by an association must be made available for examination and copying by all owners, holders of mortgages on the lots, and their respective authorized agents as follows, unless agreed otherwise:

(i) During reasonable business hours or at a mutually convenient time and location; and

(ii) At the offices of the association or its managing agent.

(b) The list of owners required to be retained by an association under subsection (4) (c) of this section is not required to be made available for examination and copying by holders of mortgages on the lots.

(6) Records retained by an association must have the following information redacted or otherwise removed prior to disclosure:

(a) Personnel and medical records relating to specific individuals;

(b) Contracts, leases, and other commercial transactions to purchase or provide goods or services currently being negotiated;

(c) Existing or potential litigation or mediation, arbitration, or administrative proceedings;

(d) Existing or potential matters involving federal, state, or local administrative or other formal proceedings before a governmental tribunal for enforcement of the governing documents;

(e) Legal advice or communications that are otherwise protected by the attorney-client privilege or the attorney work product doctrine, including communications with the managing agent or other agent of the association;

(f) Information the disclosure of which would violate a court order or law;

(g) Records of an executive session of the board;

(h) Individual lot files other than those of the requesting owner;

(i) Unlisted telephone number or electronic address of any owner or resident;

(j) Security access information provided to the association for emergency purposes; or

(k) Agreements that for good cause prohibit disclosure to the members.

(7) In addition to the requirements in subsection (6) of this section, an association must, prior to disclosure of the list of owners required to be retained by an association under subsection (4) (c) of this section, redact or otherwise remove the address of any owner or resident who is known to the association to be a participant in the address confidentiality program described in chapter 40.24 RCW or any similar program established by law.

(8) (a) Except as provided in (b) of this subsection, an association may charge a reasonable fee for producing and providing copies of any records under this section and for supervising the owner's inspection.

(b) An owner is entitled to receive a free annual electronic or paper copy of the list retained under subsection (4) (c) of this section from the association.

(9) A right to copy records under this section includes the right to receive copies by photocopying or other means, including through an electronic transmission if available upon request by the owner.

(10) An association is not obligated to compile or synthesize information.

(11) Information provided pursuant to this section may not be used for commercial purposes.

(12) An association's managing agent must deliver all of the association's original books and records to the association immediately upon termination of its management relationship with the association, or upon such other demand as is made by the board. An association managing agent may keep copies of the association records at its own expense.

(13) This section applies to records in the possession of the association on July 23, 2023, and to records created or maintained after July 23, 2023. An association has no liability under this section for records disposed of prior to July 23, 2023. [2023 c 409 s 3; 1995 c 283 s 9.]