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**Financial Institutions &  
Insurance Committee**

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**SB 5211**

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

**Sponsors:** Senators Kohl-Welles, Winsley, Fairley, Prentice, Benton and Keiser.

**Brief Summary of Bill**

- Exempts certain collection-related activities of property management companies from being subject to the regulations imposed on collection agencies.

**Hearing Date:** 2/26/03.

**Staff:** Thamas Osborn (786-7129).

**Background:**

Collection agencies must be licensed by the state and are subject to regulation by the Department of Licensing. They are subject to an extensive list of prohibited practices pertaining to the procedures used in the process of debt collection. Violation of certain of these prohibitions constitute a violation of the Consumer Protection Act.

The term "collection agency" is defined by statute to include those persons who are directly or indirectly engaged in soliciting claims for collection, or collecting or attempting to collect claims owed or due another person. Property management companies sometimes collect homeowners and condominium association dues for their clients.

Certain businesses are exempt from the definition of "collection agency" if their collection activities are directly related to the operation of a business other than that of a collection agency. Property management companies are not currently listed under this exemption.

**Summary of Bill:**

Property management companies collecting assessments, charges or fines on behalf of condominium unit owners' associations, associations of apartment owners, or homeowners' associations are exempt from the definition of collection agency.– This exemption, in turn,

means that such property management companies are not subject to the licensing requirements or regulatory restrictions imposed on collection agencies.

**Appropriation:** None.

**Fiscal Note:** Not Requested.

**Effective Date:** The bill takes effect ninety days after adjournment of session in which bill is passed.