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SENATE BILL 6745

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State of Washington

60th Legislature

2008 Regular Session

By Senator Fraser

Read first time 01/22/08. Referred to Committee on Consumer Protection & Housing.

1 AN ACT Relating to homeowners' associations; amending RCW  
2 64.38.005, 64.38.010, 64.38.015, 64.38.020, 64.38.025, 64.38.030,  
3 64.38.035, and 64.38.040; adding new sections to chapter 64.38 RCW; and  
4 creating a new section.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 **Sec. 1.** RCW 64.38.005 and 1995 c 283 s 1 are each amended to read  
7 as follows:

8 The intent of this chapter is to provide consistent laws regarding  
9 the formation and legal administration of homeowners' associations.  
10 Unless otherwise provided in this chapter, this chapter applies to all  
11 homeowners' associations in the state.

12 NEW SECTION. **Sec. 2.** A new section is added to chapter 64.38 RCW  
13 to read as follows:

14 An obligation of good faith is imposed in the performance and  
15 enforcement of all contracts and duties governed by this chapter and in  
16 all other transactions involving declarants, associations, and their  
17 members.

1 For purposes of this section, "good faith" means honesty in fact  
2 and the observance of reasonable standards of fair dealing.

3 **Sec. 3.** RCW 64.38.010 and 1995 c 283 s 2 are each amended to read  
4 as follows:

5 For purposes of this chapter:

6 (1) "Homeowners' association" or "association" means a corporation,  
7 unincorporated association, or other legal entity, each member of which  
8 is an owner of residential real property located within the  
9 association's jurisdiction, as described in the governing documents,  
10 and by virtue of membership (~~(or ownership of property)~~), the owner is  
11 obligated to pay (~~(real property taxes, insurance premiums, maintenance~~  
12 ~~costs, or for improvement of real property other than that which is~~  
13 ~~owned by the member)~~) assessments pursuant to the governing documents.  
14 "Homeowners' association" does not mean an association created under  
15 chapter 64.32 or 64.34 RCW.

16 (2) "Governing documents" means the declaration, articles of  
17 incorporation, bylaws, (~~(plat, declaration of covenants, conditions,~~  
18 ~~and restrictions,~~) rules and regulations of the association, or other  
19 written instrument by which the association has the authority to  
20 exercise any of the powers provided for in this chapter or to manage,  
21 maintain, or otherwise affect the property under its jurisdiction.

22 (3) "Board of directors" or "board" means the body, regardless of  
23 name, with primary authority to manage the affairs of the association.

24 (4) "Common areas" means property owned, or otherwise maintained,  
25 repaired or administered by the association.

26 (5) "Common expense" means the costs incurred by the association to  
27 exercise any of the powers provided for in this chapter.

28 (6) "Residential real property" means any real property, the use of  
29 which is limited by law, covenant or otherwise to primarily residential  
30 or recreational purposes.

31 (7) "Assessment" means all sums chargeable by the association  
32 against a lot including, without limitation:

33 (a) Regular and special assessments for common expenses, charges,  
34 and fines imposed by the association;

35 (b) Interest and late charges on any delinquent account; and

36 (c) Costs of collection, including reasonable attorneys' fees,

1 incurred by the association in connection with the collection of an  
2 owner's delinquent account.

3 (8) "Bylaws" means the code adopted for the regulation or  
4 management of the internal affairs of the association, irrespective of  
5 the designated name of that code. If an association is incorporated  
6 under Title 23 or 24 RCW, "bylaws" means the definition assigned to  
7 "bylaws" in the act pursuant to which the association is incorporated.

8 (9) "Community" means residential real property that is subject to  
9 a declaration under which an association is established for governance  
10 of the community.

11 (10) "Cooperative" means a community in which the residential real  
12 property is owned by an association where each of those members is  
13 entitled, by virtue of his or her ownership interest in the  
14 association, to exclusive possession of a portion of the property.

15 (11) "Declarant" means any person who:

16 (a) Executes as a declarant a declaration;

17 (b) Reserves any special declarant right in the declaration;

18 (c) Exercises special declarant rights or to whom special declarant  
19 rights are transferred;

20 (d) Succeeds to the rights of a declarant pursuant to an instrument  
21 recorded in the real property records of every county in which any  
22 portion of the community is located; or

23 (e) Is the owner of a fee interest in the real property that is  
24 subject to the declaration and who directly or through one or more  
25 affiliates is materially involved in the construction, marketing, or  
26 sale of residential real property located within the association's  
27 jurisdiction.

28 (12) "Declaration" means the declaration of covenants, conditions,  
29 and restrictions or any other document, however denominated, that is  
30 recorded in every county in which any portion of the community is  
31 located and that provides for the establishment of an association to  
32 govern the community. In the case of a cooperative, "declaration"  
33 means the document or documents, however denominated, that create the  
34 cooperative housing association that owns the residential real property  
35 comprising the cooperative, whether or not the document or documents  
36 are recorded.

37 (13) "Lot" means a physical portion of a community designated for  
38 separate ownership or occupancy and designated for residential use, the

1 boundaries of which are described in the real property records of every  
2 county in which any portion of the community is located. Within a  
3 cooperative, "lot" means that portion of the community designated for  
4 exclusive possession by a member of the cooperative's association.  
5 "Lot" does not mean an apartment created under chapter 64.32 RCW or a  
6 unit created under chapter 64.34 RCW.

7 (14) "Owner" means a declarant or other person who owns a lot, but  
8 does not include a person who has an interest in a lot solely as  
9 security for an obligation. Under a real estate contract, "owner"  
10 means the vendee, not the vendor.

11 (15) "Person" means a natural person, corporation, partnership,  
12 limited partnership, trust, government subdivision or agency, or other  
13 legal entity.

14 (16) "Rules" means the rules, regulations, and policies,  
15 irrespective of their designated name, that are adopted by the members  
16 of the board of an association in accordance with the governing  
17 documents and that supplement, but do not contradict or contravene, the  
18 governing documents.

19 (17) "Special declarant rights" means rights reserved for the  
20 benefit of a declarant to: (a) Maintain sales offices, management  
21 offices, or signs advertising the community or cooperative; (b) use  
22 easements through the common elements for the purpose of making  
23 improvements within the community or cooperative or within real  
24 property that will be added to the community or cooperative; or (c)  
25 appoint or remove any officer of the association or any master  
26 association or any member of the board of directors, or to veto or  
27 approve a proposed action of the board or association, during any  
28 period of declarant control.

29 **Sec. 4.** RCW 64.38.015 and 1995 c 283 s 3 are each amended to read  
30 as follows:

31 The membership of an association at all times shall consist  
32 exclusively of the owners of all real property over which the  
33 association has jurisdiction, both developed and undeveloped or, in the  
34 case of a cooperative, the members of the association who by virtue of  
35 their ownership interest in the association have exclusive possession  
36 of a lot.

1       **Sec. 5.** RCW 64.38.020 and 1995 c 283 s 4 are each amended to read  
2 as follows:

3       Unless otherwise provided in the (~~governing documents~~)  
4 declaration, an association may:

5       (1) Adopt and amend bylaws, resolutions, policies, rules, and  
6 regulations that are consistent with the declaration or with this  
7 chapter;

8       (2) Adopt and amend budgets for revenues, expenditures, and  
9 reserves, and impose and collect assessments for common expenses from  
10 owners;

11       (3) Hire and discharge or contract with managing agents and other  
12 employees, agents, and independent contractors;

13       (4) Institute, defend, or intervene in litigation or administrative  
14 proceedings in its own name on behalf of itself or two or more owners  
15 on matters affecting the homeowners' association, but not on behalf of  
16 owners involved in disputes that are not the responsibility of the  
17 association;

18       (5) Make contracts and incur liabilities;

19       (6) Regulate the use, maintenance, repair, replacement, and  
20 modification of common areas;

21       (7) Cause additional improvements to be made as a part of the  
22 common areas;

23       (8) Acquire, hold, encumber, and convey in its own name any right,  
24 title, or interest to real or personal property;

25       (9) Grant easements, leases, licenses, and concessions through or  
26 over the common areas and petition for or consent to the vacation of  
27 streets and alleys;

28       (10) Impose and collect any payments, fees, or charges for the use,  
29 rental, or operation of the common areas;

30       (11) Impose and collect charges for late payments of assessments  
31 (~~and, after notice and an opportunity to be heard by the board of~~  
32 ~~directors or by the representative designated by the board of directors~~  
33 ~~and in accordance with the procedures as provided in the bylaws or~~  
34 ~~rules and regulations adopted by the board of directors, levy~~  
35 ~~reasonable fines in accordance with a previously established schedule~~  
36 ~~adopted by the board of directors and furnished to the owners for~~  
37 ~~violation of the bylaws, rules, and regulations of the association));~~

1       (12) Take enforcement action with respect to any violation of the  
2 governing documents;

3       (13) Exercise any other powers conferred by the declaration,  
4 articles, or bylaws;

5       (~~(13)~~) (14) Exercise all other powers that may be exercised in  
6 this state by the same type of (~~corporation~~) legal entity as the  
7 association, provided those powers do not conflict with any duties  
8 imposed on an association in this chapter; and

9       (~~(14)~~) (15) Exercise any other powers necessary and proper for  
10 the governance and operation of the association.

11       NEW SECTION. Sec. 6. A new section is added to chapter 64.38 RCW  
12 to read as follows:

13       (1) Unless otherwise provided in the homeowners' association's  
14 governing documents and subject to subsection (2) of this section, an  
15 association may levy reasonable fines. The fines must be in accordance  
16 with a previously established schedule adopted by the board of  
17 directors and furnished to the owners for a violation of the bylaws,  
18 rules, and regulations of the association.

19       (2) A homeowners' association may not levy a fine against an owner  
20 unless the owner has received adequate notice and an opportunity to be  
21 heard.

22       (3) A homeowners' association will be deemed to have provided  
23 adequate notice and an opportunity to be heard under this section if  
24 the association fulfills the following requirements:

25       (a) The association must provide the owner with a notice of the  
26 violation that contains:

27       (i) A reference to the rule or rules that the owner allegedly  
28 violated;

29       (ii) A short statement of the evidence of the rule violation;

30       (iii) The name of a person with firsthand knowledge of the facts  
31 that support the determination that the violation occurred;

32       (iv) A short statement of the action that the association intends  
33 to take, including the amount of any fine, subject to the owner's right  
34 to request a hearing;

35       (v) A statement that if the owner wishes to contest or explain the  
36 violation, he or she must submit a written request for a hearing to the  
37 association within fifteen days of delivery of the notice of violation;

1 (vi) A statement of the owner's rights to a hearing, to attend the  
2 hearing, to be represented by counsel, and to review the evidence  
3 supporting the alleged violation;

4 (b) Upon the timely request of a hearing from an owner, the  
5 association must set a hearing date between thirty and sixty days from  
6 the association's receipt of the request. The association must notify  
7 the owner of the hearing at least twenty days before the hearing and  
8 must include with the notification a copy of the association's rules of  
9 procedure for conducting a hearing;

10 (c) Upon request by the owner who requested a hearing, the  
11 association must, at least ten days before the date of the hearing,  
12 either provide the owner with a copy of all its evidence concerning the  
13 alleged violation, including copies of the complaint signed by a  
14 witness with firsthand knowledge of the facts that support the  
15 determination that the violation occurred, or identify a reasonable  
16 time and place at which the owner may inspect such evidence;

17 (d) The association must permit the owner to be represented by  
18 counsel at the hearing; and

19 (e) The association must provide the owner with a written decision,  
20 including a statement of the reasons for the decision, within thirty  
21 days after the hearing.

22 (4) The chair of the hearing may adjourn or continue the hearing,  
23 if necessary, to gather additional information that the association  
24 needs in order to make a decision.

25 **Sec. 7.** RCW 64.38.025 and 1995 c 283 s 5 are each amended to read  
26 as follows:

27 (1) Except as provided in the association's governing documents or  
28 this chapter, the board of directors shall act in all instances on  
29 behalf of the association. In the performance of their duties, the  
30 officers of the association and members of the board of directors shall  
31 exercise the degree of care and loyalty required of an officer or  
32 director of a corporation organized under chapter 24.03 RCW.

33 (2) The board of directors shall not act on behalf of the  
34 association to amend the articles of incorporation, to take any action  
35 that requires the vote or approval of the owners, to terminate the  
36 association, to elect members of the board of directors, or to

1 determine the qualifications, powers, and duties, or terms of office of  
2 members of the board of directors; but the board of directors may fill  
3 vacancies in its membership of the unexpired portion of any term.

4 ~~((3) Within thirty days after adoption by the board of directors  
5 of any proposed regular or special budget of the association, the board  
6 shall set a date for a meeting of the owners to consider ratification  
7 of the budget not less than fourteen nor more than sixty days after  
8 mailing of the summary. Unless at that meeting the owners of a  
9 majority of the votes in the association are allocated or any larger  
10 percentage specified in the governing documents reject the budget, in  
11 person or by proxy, the budget is ratified, whether or not a quorum is  
12 present. In the event the proposed budget is rejected or the required  
13 notice is not given, the periodic budget last ratified by the owners  
14 shall be continued until such time as the owners ratify a subsequent  
15 budget proposed by the board of directors.~~

16 ~~(4) The owners by a majority vote of the voting power in the  
17 association present, in person or by proxy, and entitled to vote at any  
18 meeting of the owners at which a quorum is present, may remove any  
19 member of the board of directors with or without cause.))~~

20 NEW SECTION. Sec. 8. A new section is added to chapter 64.38 RCW  
21 to read as follows:

22 A board of directors may by majority vote incorporate an  
23 unincorporated homeowners' association as a nonprofit corporation.

24 NEW SECTION. Sec. 9. A new section is added to chapter 64.38 RCW  
25 to read as follows:

26 Any member of the board of directors may be removed with or without  
27 cause by a majority vote of the owners (1) entitled to elect the board  
28 member and present, in person or by proxy, and (2) entitled to vote at  
29 any regular or special meeting of the owners at which a quorum is  
30 present.

31 Sec. 10. RCW 64.38.030 and 1995 c 283 s 6 are each amended to read  
32 as follows:

33 Unless provided for in the ~~((governing documents))~~ declaration, the  
34 bylaws of the association ~~((shall))~~ must contain provisions that are  
35 consistent with this chapter and provide for:

1 (1) The number, qualifications, powers and duties, terms of office,  
2 and manner of electing and removing the board of directors and officers  
3 of the association and filling vacancies;

4 (2) Election by the board of directors of the officers of the  
5 association as the bylaws specify;

6 (3) Which, if any, of its powers the board of directors or officers  
7 of the association may delegate to other persons or to a managing  
8 agent;

9 (4) Which of its officers may prepare, execute, certify, and record  
10 amendments to the governing documents on behalf of the association;

11 (5) The method of amending the bylaws; and

12 (6) (~~Subject to the provisions of the governing documents,~~) Any  
13 other matters the association deems necessary and appropriate.

14 NEW SECTION. Sec. 11. A new section is added to chapter 64.38 RCW  
15 to read as follows:

16 (1) Except as provided under subsection (4) of this section, in a  
17 transaction for the sale of a lot that is subject to this chapter, the  
18 seller shall, unless the buyer has expressly waived the right to  
19 receive a resale certificate in writing, furnish to the buyer a resale  
20 certificate signed by an officer or authorized agent of the association  
21 and based on the books and records of the association and the actual  
22 knowledge of the person signing the certificate containing:

23 (a) A statement setting forth the amount of the annual assessment  
24 due from the selling owner, and a statement of any special assessments  
25 that have been levied against the lot and have not been paid even  
26 though they are not yet due;

27 (b) A statement, which must be current to within forty-five days,  
28 of whether the sum of assessments that are delinquent under the  
29 association's reasonable delinquency policy exceeds ten percent of the  
30 association's budgeted annual expenditures and, if so, the total number  
31 of units that are delinquent under the delinquency policy;

32 (c) A statement, which must be current to within forty-five days,  
33 of whether any obligation or liability of the association in excess of  
34 the lesser of ten thousand dollars or five percent of the association's  
35 budgeted annual expenditures that is at least sixty days past due and,  
36 if so, the circumstances that account for this delinquency;

1 (d) A statement of any anticipated repair or replacement cost in  
2 excess of five percent of the annual ratified budget;

3 (e) A statement of the amount of any reserves for repair or  
4 replacement and of any portions of those reserves currently designated  
5 by the association for any specified projects;

6 (f) The annual financial statement of the association, including  
7 the audit report if it has been prepared, for the year immediately  
8 preceding the current year;

9 (g) A balance sheet and a revenue and expense statement of the  
10 association, which must be current to within one hundred twenty days;

11 (h) The annual ratified budget of the association;

12 (i) A statement of any unsatisfied judgments against the  
13 association and the status of any pending suits or legal proceedings in  
14 which the association is a plaintiff or defendant;

15 (j) A statement describing any insurance coverage maintained by the  
16 association;

17 (k) A statement as to whether there are any alterations or  
18 improvements to the lot that the association has determined violate any  
19 provision of the governing documents;

20 (l) A statement of whether the association is under declarant  
21 control;

22 (m) A statement as to whether there are any known and currently  
23 existing violations of applicable health or building codes with respect  
24 to any portions of the common areas or improvements of the common  
25 areas; and

26 (n) A copy of the governing documents that include the following,  
27 if applicable:

28 (i) The declaration of covenants or easements;

29 (ii) The articles of incorporation;

30 (iii) Bylaws, rules, regulations, and policies, if any, including  
31 architectural and construction standards and guidelines;

32 (iv) The association's current fine schedule;

33 (v) A copy of the minutes of the most recent meeting of the members  
34 of the association, minutes of the previous six meetings of the board  
35 of directors, except that minutes of a board meeting that occurred more  
36 than three years before the date of the resale certificate required  
37 under this section does not need to be provided; and

1 (vi) Any other information reasonably requested by mortgagees of  
2 prospective buyers.

3 The association may charge a fee for photocopying costs not to  
4 exceed fifteen cents per page for providing any of the documents  
5 required to be disclosed in this subsection. The duty to provide  
6 copies of documents that are recorded in the recording office of the  
7 county in which the lot is located is satisfied if the association  
8 identifies in the resale certificate a link to a web site in which  
9 copies of the recorded documents can be obtained. The duty to provide  
10 copies of the documents required to be disclosed in this subsection is  
11 satisfied if the association provides the documents via electronic  
12 transmission to the email address provided by the seller who requests  
13 the issuance of a resale certificate.

14 (2) The association, within ten days after a request by a seller,  
15 and subject to payment of a reasonable fee not to exceed one hundred  
16 fifty dollars, shall furnish a resale certificate signed by an officer  
17 or authorized agent of the association and containing the information  
18 necessary to enable the seller to comply with this section. The  
19 association may charge a seller a nominal fee for updating a resale  
20 certificate within six months of the seller's request.

21 (3) The seller shall sign the resale certificate, but the seller is  
22 not liable to the buyer for any erroneous information provided by the  
23 association and included in the resale certificate unless, and to the  
24 extent, the seller had actual knowledge of the erroneous information.

25 (4) The resale certificate is not required in real property  
26 transfers that occur between commercial buyers and sellers or those  
27 transfers listed in RCW 64.06.010.

28 (5) The resale certificate must be attached to the seller  
29 disclosure form required under RCW 64.06.020.

30 (6) The resale certificate is subject to RCW 64.06.030 through  
31 64.06.070.

32 NEW SECTION. **Sec. 12.** A new section is added to chapter 64.38 RCW  
33 to read as follows:

34 (1) Except as provided under subsection (2) of this section, and  
35 unless the notice has been waived by the buyer in writing, a seller  
36 must furnish to a purchaser before the execution of any contract for

1 sale of residential real property in which the lot is subject to this  
2 chapter the following notice:

3 "BY PURCHASING THE RESIDENTIAL PROPERTY THAT IS THE SUBJECT OF THIS  
4 AGREEMENT, YOU WILL BECOME A MEMBER OF A HOMEOWNERS' ASSOCIATION THAT  
5 GOVERNS THE COMMUNITY IN WHICH THE PROPERTY IS LOCATED. THE  
6 ASSOCIATION MAY MAINTAIN AND REPAIR COMMON AREAS, RESTRICT THE USE OF  
7 YOUR PROPERTY, COLLECT DUES, AND APPROVE OR DISAPPROVE BUILDING PLANS.  
8 UNLESS YOU WAIVE YOUR RIGHT IN WRITING, YOU ARE ENTITLED TO RECEIVE  
9 FROM THE SELLER AS PART OF THE DISCLOSURE STATEMENT REQUIRED UNDER  
10 CHAPTER 64.06 RCW A CERTIFICATE SIGNED BY AN OFFICER OR AUTHORIZED  
11 AGENT OF THE HOMEOWNERS' ASSOCIATION DISCLOSING CERTAIN FINANCIAL AND  
12 OTHER INFORMATION ABOUT THE ASSOCIATION."

13 (2) The notice is not required in real property transfers that  
14 occur between commercial buyers and sellers or those transfers listed  
15 in RCW 64.06.010.

16 (3) The notice must be attached to the seller disclosure form  
17 required under RCW 64.06.020.

18 (4) The notice is subject to RCW 64.06.030 through 64.06.070.

19 NEW SECTION. **Sec. 13.** A new section is added to chapter 64.38 RCW  
20 to read as follows:

21 (1) Within thirty days after adoption by the board of directors of  
22 any proposed regular or special budget of the association, the board  
23 shall set a date for a meeting of the owners to consider ratification  
24 of the budget between ten and sixty days after the mailing of the  
25 summary of the proposed regular or special budget. Unless at that  
26 meeting the proposed budget is rejected, in person or by proxy, by a  
27 majority of all the votes in the association, or any larger percentage  
28 specified in the governing documents, the proposed budget is ratified  
29 and approved whether or not a quorum is present at the meeting. If the  
30 proposed budget is rejected or the required notice is not provided, the  
31 periodic budget last ratified by the owners shall be continued until  
32 the owners ratify a subsequent budget proposed by the board of  
33 directors.

34 (2) To the extent authorized in the declaration, an association's  
35 lien rights may include liens to secure payment of fines validly  
36 imposed.

1 (3) This section applies retroactively to any governing documents  
2 in effect on the effective date of this section.

3 (4) This section supersedes any provisions of the governing  
4 documents that are inconsistent with this section. All such  
5 inconsistent provisions of the governing documents are void and  
6 unenforceable.

7 **Sec. 14.** RCW 64.38.035 and 1995 c 283 s 7 are each amended to read  
8 as follows:

9 (1) A meeting of the association must be held at least once each  
10 year.

11 (2) Special meetings of the association may be called by the  
12 president, a majority of the board of directors, or by owners having  
13 ~~((ten))~~ five percent of the votes in the association. This subsection  
14 supersedes any inconsistent provisions of the governing documents or  
15 applicable statute.

16 (3) Not less than ~~((fourteen))~~ ten nor more than sixty days in  
17 advance of any meeting, the secretary or other officers specified in  
18 the bylaws shall cause notice to be hand-delivered or sent prepaid by  
19 first-class United States mail to the mailing address of each owner or  
20 to any other mailing address designated in writing by the owner. The  
21 notice of any meeting shall state the time and place of the meeting and  
22 the business to be placed on the agenda by the board of directors for  
23 a vote by the owners, including the general nature of any proposed  
24 amendment to the articles of incorporation, bylaws, any budget or  
25 changes in the previously approved budget that result in a change in  
26 assessment obligation, and any proposal to remove a director.

27 ~~((2) Except as provided in this subsection, all meetings of the~~  
28 ~~board of directors shall be open for observation by all owners of~~  
29 ~~record and their authorized agents. The board of directors shall keep~~  
30 ~~minutes of all actions taken by the board, which shall be available to~~  
31 ~~all owners. Upon the affirmative vote in open meeting to assemble in~~  
32 ~~closed session, the board of directors may convene in closed executive~~  
33 ~~session to consider personnel matters; consult with legal counsel or~~  
34 ~~consider communications with legal counsel; and discuss likely or~~  
35 ~~pending litigation, matters involving possible violations of the~~  
36 ~~governing documents of the association, and matters involving the~~  
37 ~~possible liability of an owner to the association. The motion shall~~

1 ~~state specifically the purpose for the closed session. Reference to~~  
2 ~~the motion and the stated purpose for the closed session shall be~~  
3 ~~included in the minutes. The board of directors shall restrict the~~  
4 ~~consideration of matters during the closed portions of meetings only to~~  
5 ~~those purposes specifically exempted and stated in the motion. No~~  
6 ~~motion, or other action adopted, passed, or agreed to in closed session~~  
7 ~~may become effective unless the board of directors, following the~~  
8 ~~closed session, reconvenes in open meeting and votes in the open~~  
9 ~~meeting on such motion, or other action which is reasonably identified.~~  
10 ~~The requirements of this subsection shall not require the disclosure of~~  
11 ~~information in violation of law or which is otherwise exempt from~~  
12 ~~disclosure.))~~

13 NEW SECTION. **Sec. 15.** A new section is added to chapter 64.38 RCW  
14 to read as follows:

15 Except as provided in this section, all meetings of the board of  
16 directors shall be open for observation by all owners of record and  
17 their authorized agents. The board of directors shall keep minutes of  
18 all actions taken by the board, which must be available to all owners.  
19 Upon the affirmative vote in open meeting to assemble in closed  
20 session, the board of directors may convene in closed executive session  
21 to consider personnel matters; consult with legal counsel or consider  
22 communications with legal counsel; and discuss likely or pending  
23 litigation, matters involving possible violations of the governing  
24 documents of the association, and matters involving the possible  
25 liability of an owner to the association. The motion must state  
26 specifically the purpose for the closed session. Reference to the  
27 motion and the stated purpose for the closed session must be included  
28 in the minutes. The board of directors shall restrict the  
29 consideration of matters during the closed portions of meetings only to  
30 those purposes specifically exempted and stated in the motion. A  
31 motion, or other action adopted, passed, or agreed to in closed session  
32 may not become effective unless the board of directors, following the  
33 closed session, reconvenes in open meeting and votes in the open  
34 meeting on such motion, or other action that is reasonably identified.  
35 This section does not require the disclosure of information in  
36 violation of law or that is otherwise exempt from disclosure.

1       **Sec. 16.** RCW 64.38.040 and 1995 c 283 s 8 are each amended to read  
2 as follows:

3       Unless the governing documents specify a (~~different~~) smaller  
4 percentage, a quorum is present throughout any meeting of the  
5 association if the owners to which (~~thirty-four~~) twenty-five percent  
6 of the votes of the association are allocated are present in person or  
7 by proxy at the beginning of the meeting.

8       NEW SECTION. **Sec. 17.** A new section is added to chapter 64.38 RCW  
9 to read as follows:

10       For declarations that exist before the effective date of this  
11 section:

12       (1) If a declaration requires more than seventy-five percent of the  
13 votes in the association to approve any amendment to the declaration,  
14 the association shall, if so directed by owners holding at least sixty-  
15 seven percent of the votes in the association, bring an action in  
16 superior court for the county, which any portion of the real property  
17 subject to the declaration is located, to reduce the percentage of  
18 votes required to amend the declaration. The owners' decision to bring  
19 an action may, notwithstanding any provision to the contrary in the  
20 declaration, be made by votes cast at a meeting of the association duly  
21 called or by written consent, or by both. The action shall be an in  
22 rem declaratory judgment action whose title shall be the description of  
23 the property subject to the declaration.

24       (2) If the court finds that the percentage of votes set forth in  
25 the declaration is an unreasonable burden on the ability of the owners  
26 to amend the declaration and of the association to administer the  
27 property under its jurisdiction, the court shall enter an order  
28 striking the percentage of votes from the declaration and substituting  
29 the percentage of votes that the court determines to be appropriate in  
30 the circumstances. The court shall not mandate approval of less than  
31 sixty-seven percent of the votes in the association to amend any  
32 provision of the declaration.

33       NEW SECTION. **Sec. 18.** A new section is added to chapter 64.38 RCW  
34 to read as follows:

35       (1) Except as provided in subsection (2) of this section,

1 declarations recorded after the effective date of this section can be  
2 amended with the approval of sixty-seven percent of the total votes in  
3 the association, or any larger percentage specified in the declaration.

4 (2) To the extent provided in the declaration, the declarant may  
5 unilaterally amend the declaration, but only if the amendment:

6 (a) Subjects additional property to the declaration pursuant to a  
7 plan of expansion set forth in the declaration;

8 (b) Withdraws property from the declaration, if the withdrawal is  
9 allowed under the terms of the declaration and if the property to be  
10 withdrawn is not owned by any third party;

11 (c) Brings any provision of the declaration into compliance with  
12 any applicable statute, rule, regulation, or judicial determination;

13 (d) Enables any title insurance company to issue title insurance  
14 coverage for the lots;

15 (e) Enables any institutional or governmental lender, purchaser,  
16 insurer, or guarantor of mortgage loans, to make, purchase, insure, or  
17 guarantee mortgage loans for the lots; or

18 (f) Satisfies the requirements of any local, state, or federal  
19 governmental agency.

20 The amendment shall not adversely affect the title to any lot  
21 unless the owner of the affected lot consents to it in writing.

22 (3) The declaration may require all or a specified number or  
23 percentage of the eligible mortgagees who hold first lien security  
24 interests encumbering lots to approve specified actions of the owners  
25 or association as a condition to the effectiveness of those actions,  
26 but a requirement for approval may not operate to:

27 (a) Deny or delegate control of the general administrative affairs  
28 of the association by the owners or board of directors;

29 (b) Prevent the association or board of directors from commencing,  
30 intervening in, or settling any litigation or proceeding; or

31 (c) Prevent any insurance trustee or the association from receiving  
32 and distributing any insurance proceeds.

33 For purposes of this subsection, "eligible mortgagee" means the  
34 holder of a mortgage on a lot that has filed with the secretary of the  
35 association a written request for copies of notices of any action by  
36 the association that requires the consent of mortgagees that includes  
37 the lot number and address of the property subject to the mortgage. If

1 an eligible mortgagee fails to respond to a request for approval within  
2 thirty days following the association's issuance of a notice requesting  
3 such approval, the eligible mortgagee's approval is deemed granted.

4 (4) The declaration may permit the association's members to approve  
5 an amendment through a combination of votes conducted during meetings  
6 or through a written consent process.

7 (5) The declaration may require that to be effective all  
8 declaration amendments must be signed by an officer of the association,  
9 or if applicable, by the declarant, acknowledged, and recorded in each  
10 county in which any portion of the property is located.

11 NEW SECTION. **Sec. 19.** A new section is added to chapter 64.38 RCW  
12 to read as follows:

13 (1) This section applies to associations in which the declaration  
14 or the bylaws authorize only the board of directors to adopt, amend, or  
15 rescind bylaws and to do so without a vote of the members and, with  
16 respect to those associations, to all bylaws adopted or amended by the  
17 board of directors after the effective date of this section.

18 (2) A bylaw adopted, amended, or rescinded by the board of  
19 directors shall not be valid or enforceable until it is ratified by the  
20 association's members as set forth in this subsection:

21 (a) The board of directors shall submit all bylaws adopted,  
22 amended, or rescinded by the board to a vote of the members. The vote  
23 must be held at the next regularly scheduled annual meeting of the  
24 association, or at a special meeting held before the next annual  
25 meeting.

26 (b) The notice of the annual or special meeting must include the  
27 text of any existing bylaw that the board has approved for amendment.

28 (c) Unless the governing documents specify a longer advance notice  
29 period for a meeting, notice of the meeting, at which the proposed  
30 bylaw change will be voted upon, must be provided at least ten days in  
31 advance of the meeting and shall not be given more than sixty days in  
32 advance of the meeting.

33 (d) The proposed bylaw change is deemed approved and ratified by  
34 the members, unless a majority of all the votes in the association at  
35 the meeting, in person or by proxy, reject the bylaw change approved by  
36 the board.

1 (3) All bylaw changes ratified by the members in accordance with  
2 this section take effect the day after the annual or special meeting at  
3 which they were ratified.

4 NEW SECTION. **Sec. 20.** A new section is added to chapter 64.38 RCW  
5 to read as follows:

6 For purposes of this section, a "rule" means any new rule or  
7 policy, or an amendment to an existing rule or policy. For rules, or  
8 amendments to rules, adopted after the effective date of this section:

9 (1) A rule adopted by the board is valid and enforceable if all the  
10 following requirements are satisfied:

- 11 (a) The rule is in writing;
- 12 (b) The rule is required by law or, within the authority of the  
13 board, conferred by law or by the declaration;
- 14 (c) The rule is consistent with the governing documents; and
- 15 (d) The rule is adopted or amended in substantial compliance with  
16 the requirements of this chapter.

17 (2) Except for emergency rules, the board of directors must provide  
18 the association's members with notice and an opportunity to comment on  
19 any proposed new or amended rule before the board is authorized to  
20 adopt or enforce that rule. For purposes of this section, an  
21 "emergency rule" is one that is necessary for the immediate  
22 preservation of health and safety. Emergency rules become effective  
23 immediately, subject to the members' right to request a ratification  
24 vote under subsection (3) of this section.

25 (3) Except for emergency rules, rules adopted by the board of  
26 directors following notice and an opportunity for comment become  
27 effective thirty days after notice of the rules is provided to the  
28 members in the manner authorized by the governing documents, unless a  
29 written petition signed by twenty percent of the total votes in the  
30 association is submitted to the board within that thirty-day period  
31 requesting a ratification vote on the proposed rule. If a ratification  
32 vote is requested, the association shall use the following process for  
33 the ratification vote:

- 34 (a) The board of directors must submit the rules on which a  
35 ratification vote has been requested to a vote of the members. The  
36 vote must be conducted at the next regularly scheduled annual meeting

1 of the association, or at a special meeting held before the next annual  
2 meeting.

3 (b) The notice of the meeting, at which the ratification vote will  
4 be conducted, must include the text of the proposed rules.

5 (c) Unless the governing documents specify a longer advance notice  
6 period for an association meeting, notice of the meeting, at which the  
7 ratification vote will be conducted, must be provided at least fourteen  
8 days in advance of the meeting and shall not be provided more than  
9 sixty days in advance of the meeting.

10 (d) The proposed rule change is deemed approved and ratified by the  
11 members, unless a majority of all the votes in the association at the  
12 meeting, in person or by proxy, reject the rule change approved by the  
13 board.

14 (e) All rule changes ratified by the members in accordance with  
15 this section take effect on the original effective date or later  
16 effective date established by the board.

17 (4) The board of directors is not required to use the following  
18 optional rule-making process. However, use of this process establishes  
19 compliance with the requirements of subsection (1) of this section.  
20 For purposes of this section, "rule change" means the adoption or  
21 amendment of a rule by the board.

22 (a) The board shall give notice of a proposed rule change to the  
23 owners. The notice must include the following information: (i) The  
24 text of the proposed rule change; (ii) a description of the purpose and  
25 effect of the proposed rule change; and (iii) the deadline for  
26 submission of a comment on the proposed rule change.

27 (b) For a period of at least thirty days following actual or  
28 constructive delivery of a notice of a proposed rule change, the board  
29 shall accept written comments from owners on the proposed rule change.

30 (c) The board shall consider any comments it receives and make a  
31 decision on a proposed rule change at a board meeting. Except for  
32 emergency rules, a decision on a rule may not be made until after the  
33 comment submission deadline.

34 (d) The board shall give notice of a rule change to the owners.  
35 The notice must set out the text of the rule change and state the date  
36 the rule change takes effect. Except for emergency rules, the date the  
37 rule change takes effect must not be less than thirty days after notice

1 of the rule change is provided in the manner authorized in the  
2 governing documents.

3 NEW SECTION. **Sec. 21.** A new section is added to chapter 64.38 RCW  
4 to read as follows:

5 (1) The definitions in this subsection apply throughout this  
6 section unless the context clearly requires otherwise.

7 (a) "Requestor" means the party requesting mediation.

8 (b) "Request" means a request for mediation.

9 (c) "Recipient" means the party that receives the request for  
10 mediation.

11 (2) For disputes that arise after the effective date of this  
12 section and do not apply to any judicial or other legal proceedings  
13 pending before the effective date of this section:

14 (a) With the exception of the claims listed in (b) of this  
15 subsection, disputes between owners or between owners and their  
16 association that involve the governing documents must be submitted to  
17 mediation before any party may pursue the claim through court  
18 proceedings.

19 (b) The following categories of claims are exempt from the  
20 prelitigation mediation requirement under (a) of this subsection:

21 (i) Claims in which the statute of limitations will soon expire,  
22 except that any party to the lawsuit may file a motion with the court  
23 requesting that the judge order the parties to mediate before allowing  
24 them to proceed with the lawsuit and temporarily stay the litigation  
25 proceedings pending the outcome of mediation;

26 (ii) Claims for injunctive relief, except that any party to the  
27 lawsuit may file a motion with the court requesting that the judge  
28 order the parties to mediate before allowing them to proceed with the  
29 lawsuit and temporarily stay the litigation proceedings pending the  
30 outcome of mediation;

31 (iii) Claims for declaratory judgment;

32 (iv) Assessment collection and foreclosure claims;

33 (v) Claims for defects in construction of homes and other  
34 improvements, whether individually owned or part of the common areas;

35 (vi) Claims that involve parties who are not subject to the  
36 association's governing documents;

1 (vii) Claims between members of the association that are unrelated  
2 to the association's governing documents;

3 (viii) Claims or issues that have been the subject of a previous  
4 mediation request, response, or mediation conference under this section  
5 within twelve months of the date of the most recent request, response,  
6 or mediation conference.

7 (c) Unless another reasonable alternative dispute resolution  
8 process is set forth in the declaration or adopted by a majority vote  
9 of the nondeclarant members of the association, the following  
10 procedures in this subsection govern the mediation of disputes under  
11 this chapter:

12 (i) The party requesting mediation must submit a request for  
13 mediation to the other parties;

14 (ii) The request may be made in any medium, provided that the  
15 requestor can prove the request was received by the recipient;

16 (iii) Mediation must be conducted by one mediator, unless the  
17 parties agree otherwise;

18 (iv) Unless all parties to the mediation agree otherwise, the  
19 mediation conference must be held within ninety days of the date the  
20 request is received by all recipients;

21 (v) The request for mediation must: State the issues that the  
22 requestor wishes to mediate; certify that the requestor is willing to  
23 meet in good faith; and propose a mediator and provide full contact  
24 information (name, address, telephone and fax numbers, and e-mail  
25 address) for the proposed mediator;

26 (vi) The recipients must respond to the requestor no later than  
27 thirty days after the request is received by all recipients. The  
28 response may be made in any medium as long as the recipient can prove  
29 that the response was received by the requestor;

30 (vii) If the recipient agrees to mediate, the response must include  
31 a statement of any additional issues that the recipient wishes to  
32 mediate, a statement of whether the mediator proposed by the requestor  
33 is acceptable to the recipient and, if not, a proposed alternative  
34 mediator and that mediator's contact information. If the recipient  
35 declines to mediate, the response must indicate this decision and  
36 include a statement of the reasons that the recipient declines to  
37 mediate;

1 (viii) The requestor must reply to the recipient's response within  
2 fifteen days of receipt. If the response identifies additional issues  
3 that the recipient wishes to address at mediation, the reply must state  
4 whether the requestor agrees to mediate those issues. If the requestor  
5 does not agree to mediate those issues, the reply must indicate this  
6 decision and include a statement of the reasons that the requestor  
7 declines to mediate the issues identified by the recipient. A  
8 requestor's refusal to mediate the issues identified in the reply is  
9 subject to (e) of this subsection;

10 (ix) If the recipient has proposed an alternative mediator, the  
11 reply must state whether the alternative mediator is acceptable to the  
12 requestor. If the alternative mediator is not acceptable, the  
13 requestor must contact the two proposed mediators within fifteen days  
14 of delivering the reply requesting the mediators to choose a third  
15 person who is available within the time frame required in this section  
16 to act as mediator;

17 (x) The mediator may be an attorney or judge. The mediator's  
18 primary function is to assist the parties in communicating with one  
19 another and to find ways to resolve the disputed issues by agreement.

20 (d) Either the recipient or the requestor can decline mediation.  
21 If mediation is declined, or a party fails to participate in a  
22 scheduled mediation conference, the other party may proceed with filing  
23 a legal action. In such a case, the court may:

24 (i) Enter an order compelling the parties to participate in a  
25 mediation conference if the court determines that mediation would be  
26 productive or useful; and

27 (ii) Impose appropriate remedies for a party's unjustified failure  
28 to mediate claims subject to mandatory mediation requirements imposed  
29 under this section including, without limitation, requiring that party  
30 to pay all mediation fees and costs charged by the mediator, reimburse  
31 the plaintiff for the costs of filing suit, reimburse the plaintiff for  
32 process of service costs, and reimburse the plaintiff for some or all  
33 of the plaintiffs' attorneys' fees and costs.

34 This subsection (2)(d) supersedes any inconsistent provisions in an  
35 association's governing documents. The standard of review of a trial  
36 court's decision under this section is abuse of discretion.

37 (e) Unless the parties agree otherwise, the fees and costs of  
38 mediation must be shared equally by all parties to the mediation. If

1 the mediator requires prepayment of all or a portion of the anticipated  
2 fees and costs, all parties to the mediation must comply with this  
3 requirement. An association may not condition mediation on a member's  
4 payment of any charges, costs, or fees.

5 (3) This section does not limit any party's right to seek relief in  
6 a court of competent jurisdiction after the mediation requirements in  
7 this section have been met.

8 NEW SECTION. **Sec. 22.** A new section is added to chapter 64.38 RCW  
9 to read as follows:

10 All notices required under this chapter or the governing documents  
11 must be delivered or sent pursuant to the requirements under RCW  
12 64.38.035, unless the governing documents set forth an alternative  
13 provision for providing notice, but not for a shorter time period for  
14 giving notice than is required under RCW 64.38.035.

15 NEW SECTION. **Sec. 23.** A new section is added to chapter 64.38 RCW  
16 to read as follows:

17 (1) Except as provided under subsection (2) of this section, in a  
18 transaction for the sale of a lot that is subject to this chapter, the  
19 seller shall, unless the buyer has expressly waived the right to the  
20 pamphlet, furnish to a buyer a homeowners' association information  
21 pamphlet that is identical, in form and substance, to the following:

22 "FREQUENTLY ASKED QUESTIONS  
23 ABOUT HOMEOWNERS' ASSOCIATIONS

24 Buying a home is a big investment. Homeownership frequently  
25 includes automatic membership in a homeowners' association (HOA).  
26 There are rights and obligations that come with being a member of an  
27 HOA. The information below attempts to give you a basic understanding  
28 of what membership in an HOA may involve. To better understand what  
29 membership in a particular HOA might involve, you should review that  
30 HOA's governing documents and consider seeking the assistance of legal  
31 counsel to answer any questions you may have.

32 (1) WHAT IS AN HOA?

33 Washington law defines an HOA as a legal entity in which each  
34 member is an owner of residential property that is subject to

1 the HOA's jurisdiction as a result of certain recorded  
2 governing documents. The law governing homeowners'  
3 associations, chapter 64.38 RCW, provides more information in  
4 this regard.

5 (2) WHAT ARE THE GOVERNING DOCUMENTS OF AN HOA?

6 The principal governing document of an HOA is often known as  
7 the Declaration of Covenants, Conditions, and Restrictions and  
8 Easements (CCRs). Other important HOA documents may include  
9 Articles of Incorporation, Bylaws, Rules, and Policies.

10 (3) WHAT SERVICES AND AMENITIES ARE PROVIDED BY HOAs?

11 The services and amenities provided by HOAs vary greatly from  
12 community to community. These may include common areas such as  
13 a swimming pool, tennis court, playground, trails, community  
14 center, or even a golf course. Some HOAs provide landscaping  
15 services for homeowners, and some even paint and maintain the  
16 exterior of homes.

17 (4) WHAT OBLIGATIONS DOES AN HOA HAVE?

18 Each HOA is different, but the most common HOA roles include  
19 maintaining common areas and amenities, administering and  
20 enforcing use and architectural restrictions, adopting budgets,  
21 and collecting assessments.

22 (5) AM I REQUIRED TO BE A MEMBER OF THE HOA?

23 Generally, the governing documents for an HOA make membership  
24 mandatory for all owners within the community. The HOA's  
25 governing documents are essentially a legally binding contract  
26 between the owner/members and the association. If you have  
27 questions about your legal rights and obligations as a member  
28 of the HOA, you should consult an attorney.

29 (6) HOW DOES MEMBERSHIP IN AN HOA AFFECT THE OWNERSHIP OF MY  
30 HOME?

31 By virtue of your membership in an HOA, you will have various  
32 rights and obligations as described in the governing documents.  
33 These may include restrictions on the use of your property,

1 architectural controls on future improvements of your property,  
2 and the obligation to pay assessments, also known as dues, to  
3 the HOA.

4 (7) WHO IS IN CHARGE OF AN HOA?

5 HOAs are typically governed by a board of directors or board of  
6 trustees elected by the homeowners. The board's  
7 responsibilities and power depend upon the HOA's governing  
8 documents.

9 (8) HOW DOES THE HOA ENFORCE THE GOVERNING DOCUMENTS?

10 The governing documents of an HOA typically give it  
11 wide-ranging powers to enforce its covenants, rules, and  
12 policies. This may include the power to file a lawsuit for  
13 damages or injunctive relief or fine an owner who does not  
14 comply with the restrictions.

15 (9) WHAT HAPPENS IF I DO NOT PAY MY HOA ASSESSMENTS?

16 The governing documents likely give your HOA the power to place  
17 a lien on your home or take other legal action if you fail to  
18 pay properly levied assessments. If you do not pay your  
19 assessments on time, this might result in the foreclosure of  
20 your home by the HOA.

21 (10) WHAT IS THE DIFFERENCE BETWEEN AN HOA AND A CONDOMINIUM  
22 ASSOCIATION?

23 A condominium association is a specialized type of homeowners'  
24 association. A condominium association is created under  
25 different statutes than those that apply to HOAs. Unless your  
26 governing documents state that your community is a condominium  
27 created pursuant to the Washington Condominium Act, chapter  
28 64.34 RCW, or the Horizontal Property Regimes Act, chapter  
29 64.32 RCW, it is not a condominium.

30 (11) WHAT HAPPENS IF ONE OF THE COMMON AREAS OF MY HOA MUST BE  
31 REPAIRED OR REPLACED?

32 Well-managed HOAs will normally include an amount for reserves  
33 in their annual budgets. In this way, a portion of the  
34 assessments you pay is set aside and builds up over time to pay

1 for expensive repairs or replacements. You should review the  
2 HOA's financial statements to determine if this is true for  
3 your HOA.

4 (12) WHAT IS THE AMOUNT OF THE ASSESSMENTS THAT CAN BE CHARGED  
5 BY MY HOA?

6 If you are a new buyer, you are entitled to a resale  
7 certificate that will provide this information. Otherwise,  
8 this information should be provided to you as part of the HOA's  
9 annual budget process. If you have questions, you should  
10 consult the HOA's manager or a member of its board of  
11 directors.

12 (13) CAN ASSESSMENTS BE INCREASED?

13 Typically, the governing documents allow for assessments to be  
14 adjusted based on the HOA's annual budget. The law governing  
15 homeowners' associations requires that an HOA's annual budget  
16 be ratified by its members. This is a good opportunity to ask  
17 questions as to how budget changes will affect your  
18 assessments.

19 (14) CAN MY HOA RESTRICT THE TYPES OF IMPROVEMENTS I CAN MAKE  
20 TO MY HOME?

21 Depending on your governing documents, your HOA may have  
22 certain architectural or design guidelines and restrictions.  
23 If it does, there may be restrictions on the exterior  
24 appearance of your home, and you may be required to submit  
25 plans and specifications for approval before you make any  
26 changes to the exterior or build any additions or other  
27 structures.

28 (15) WHAT TYPES OF USE RULES MIGHT AFFECT MY HOME?

29 The HOA's governing documents may contain rules relating to  
30 trees, landscaping, pets, satellite dishes, clotheslines,  
31 fences, parking, home businesses, rental of homes, and other  
32 issues. You should carefully read the governing documents to  
33 understand the nature of these restrictions.

34 (16) AS A MEMBER OF AN HOA, CAN I RENT MY HOME?

1 The answer to this question depends on the governing documents  
2 for the particular community. Some governing documents  
3 prohibit all rentals, some limit the number of homes that can  
4 be rented at any time, while others have no restrictions on  
5 leasing.

6 (17) WHEN DOES MY HOA MEET?

7 In Washington state, HOAs must hold a meeting of the membership  
8 at least once each year. Notice of the date and time of the  
9 meeting must be provided to you by the officers of the  
10 association. Your HOA's board will likely meet more often. If  
11 you would like information concerning the board's meeting  
12 schedule, you should consult the HOA's manager or a member of  
13 the board.

14 (18) CAN I ATTEND THE REGULAR MEETINGS OF MY HOA'S BOARD OF  
15 DIRECTORS?

16 Board meetings are generally open to members of the HOA to  
17 observe, but not to participate in. The law governing  
18 homeowners' associations permits a board to consider certain  
19 sensitive topics in private (executive session), and to exclude  
20 HOA members from that part of the board's meeting. Review the  
21 HOA's governing documents, particularly its bylaws, to  
22 determine your rights.

23 (19) AS A MEMBER OF AN ASSOCIATION, CAN I OBTAIN COPIES OF THE  
24 HOA'S RECORDS?

25 The law governing homeowners' associations provides that the  
26 records of the HOA must be made available for review by owners  
27 during normal business hours at the office of the HOA or its  
28 managing agent.

29 (20) HOW CAN I DETERMINE WHETHER THE HOA OF WHICH I AM  
30 CONSIDERING BECOMING A MEMBER FACES ANY SERIOUS FINANCIAL  
31 PROBLEMS?

32 As a purchaser of a home within an HOA, you are entitled to  
33 receive a resale certificate that will provide you with

1 information regarding the financial condition of the HOA and  
2 whether it is involved in any litigation.

3 However, you should also ask the seller questions to get a  
4 clear picture of the HOA's financial condition.

5 (21) DO THE BENEFITS OF BELONGING TO AN HOA OUTWEIGH THE  
6 BURDENS?

7 This is a question you should consider when the home you want  
8 to buy is part of an HOA. Some of the typical benefits and  
9 burdens are described above. Studying the governing documents  
10 for the community in which you are considering purchasing a  
11 home is an important step. Consider exploring this question  
12 with your seller, real estate professional, attorney, and other  
13 advisors. You may also wish to speak with neighboring  
14 homeowners about the community and the HOA."

15 (2) The homeowners' association information pamphlet is not  
16 required in real property transfers that occur between commercial  
17 buyers and sellers or those transfers listed in RCW 64.06.010.

18 NEW SECTION. **Sec. 24.** The code reviser shall alphabetize and  
19 renumber the definitions in RCW 64.38.010.

--- END ---