

CERTIFICATION OF ENROLLMENT

SUBSTITUTE SENATE BILL 6042

52nd Legislature
1992 Regular Session

Passed by the Senate March 7, 1992
Yeas 46 Nays 1

President of the Senate

Passed by the House March 3, 1992
Yeas 96 Nays 0

**Speaker of the
House of Representatives**

Approved

CERTIFICATE

I, Gordon Golob, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SUBSTITUTE SENATE BILL 6042** as passed by the Senate and the House of Representatives on the dates hereon set forth.

Secretary

FILED

Governor of the State of Washington

**Secretary of State
State of Washington**

SUBSTITUTE SENATE BILL 6042

AS AMENDED BY THE HOUSE

Passed Legislature - 1992 Regular Session

State of Washington 52nd Legislature 1992 Regular Session

By Senate Committee on Law & Justice (originally sponsored by Senators Nelson and Rasmussen)

Read first time 01/24/92.

1 AN ACT Relating to condominiums; amending RCW 64.34.010, 64.34.020,
2 64.34.040, 64.34.200, 64.34.204, 64.34.216, 64.34.224, 64.34.228,
3 64.34.232, 64.34.256, 64.34.268, 64.34.300, 64.34.308, 64.34.324,
4 64.34.340, 64.34.352, 64.34.372, 64.34.400, 64.34.410, 64.34.415,
5 64.34.425, 64.34.430, 64.34.440, 64.34.445, and 58.17.040; and adding
6 new sections to chapter 64.34 RCW.

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

8 **Sec. 1.** RCW 64.34.010 and 1989 c 43 s 1-102 are each amended to
9 read as follows:

10 (1) This chapter applies to all condominiums created within this
11 state after July 1, 1990. RCW 64.34.040 (separate titles and
12 taxation), RCW 64.34.050 (applicability of local ordinances,
13 regulations, and building codes), RCW 64.34.060 (condemnation), RCW
14 64.34.208 (construction and validity of declaration and bylaws), RCW

1 64.34.212 (description of units), RCW 64.34.304(1)(a) through (f) and
2 (k) through (q) (powers of unit owners' association), RCW 64.34.308(1)
3 (board of directors and officers), RCW 64.34.340 (voting--proxies), RCW
4 64.34.344 (tort and contract liability), RCW 64.34.354 (notification on
5 sale of unit), RCW 64.34.360(3) (common expenses--assessments), RCW
6 64.34.364 (lien for assessments), RCW 64.34.372 (association records),
7 RCW 64.34.425 (resales of units), RCW 64.34.455 (effect of violation on
8 rights of action; attorney's fees), and RCW 64.34.020 (definitions) to
9 the extent necessary in construing any of those sections, apply to all
10 condominiums created in this state before July 1, 1990; but those
11 sections apply only with respect to events and circumstances occurring
12 after July 1, 1990, and do not invalidate or supersede existing,
13 inconsistent provisions of the declaration, bylaws, or survey maps or
14 plans of those condominiums.

15 (2) The provisions of chapter 64.32 RCW do not apply to
16 condominiums created after July 1, 1990, and do not invalidate any
17 amendment to the declaration, bylaws, and survey maps and plans of any
18 condominium created before July 1, 1990, if the amendment would be
19 permitted by this chapter. The amendment must be adopted in conformity
20 with the procedures and requirements specified by those instruments and
21 by chapter 64.32 RCW. If the amendment grants to any person any
22 rights, powers, or privileges permitted by this chapter which are not
23 otherwise provided for in the declaration or chapter 64.32 RCW, all
24 correlative obligations, liabilities, and restrictions in this chapter
25 also apply to that person.

26 (3) This chapter does not apply to condominiums or units located
27 outside this state.

28 (4) RCW 64.34.400 (applicability--waiver), RCW 64.34.405 (liability
29 for public offering statement requirements), RCW 64.34.410 (public
30 offering statement--general provisions), RCW 64.34.415 (public offering

1 statement--conversion condominiums ((~~containing conversion buildings~~),
2 ~~4-105~~ (~~public offering statement condominium securities~~)), RCW
3 64.34.420 (purchaser's right to cancel), RCW 64.34.430 (escrow of
4 deposits), RCW 64.34.440 (conversion condominiums--notice--tenants),
5 and RCW 64.34.455 (effect of violations on rights of action--attorney's
6 fees) apply with respect to all sales of units pursuant to purchase
7 agreements entered into after July 1, 1990, in condominiums created
8 before July 1, 1990, in which as of July 1, 1990, the declarant or an
9 affiliate of the declarant owns or had the right to create at least ten
10 units constituting at least twenty percent of the units in the
11 condominium.

12 **Sec. 2.** RCW 64.34.020 and 1990 c 166 s 1 are each amended to read
13 as follows:

14 In the declaration and bylaws, unless specifically provided
15 otherwise or the context requires otherwise, and in this chapter:

16 (1) "Affiliate of a declarant" means any person who controls, is
17 controlled by, or is under common control with a declarant. A person
18 "controls" a declarant if the person: (a) Is a general partner,
19 officer, director, or employer of the declarant; (b) directly or
20 indirectly or acting in concert with one or more other persons, or
21 through one or more subsidiaries, owns, controls, holds with power to
22 vote, or holds proxies representing, more than twenty percent of the
23 voting interest in the declarant; (c) controls in any manner the
24 election of a majority of the directors of the declarant; or (d) has
25 contributed more than twenty percent of the capital of the declarant.

26 A person "is controlled by" a declarant if the declarant: (i) Is a
27 general partner, officer, director, or employer of the person; (ii)
28 directly or indirectly or acting in concert with one or more other
29 persons, or through one or more subsidiaries, owns, controls, holds

1 with power to vote, or holds proxies representing, more than twenty
2 percent of the voting interest in the person; (iii) controls in any
3 manner the election of a majority of the directors of the person; or
4 (iv) has contributed more than twenty percent of the capital of the
5 person. Control does not exist if the powers described in this
6 subsection are held solely as security for an obligation and are not
7 exercised.

8 (2) "Allocated interests" means the undivided interest in the
9 common elements, the common expense liability, and votes in the
10 association allocated to each unit.

11 (3) "Assessment" means all sums chargeable by the association
12 against a unit including, without limitation: (a) Regular and special
13 assessments for common expenses, charges, and fines imposed by the
14 association; (b) interest and late charges on any delinquent account;
15 and (c) costs of collection, including reasonable attorneys' fees,
16 incurred by the association in connection with the collection of a
17 delinquent owner's account.

18 (4) "Association" or "unit owners' association" means the unit
19 owners' association organized under RCW 64.34.300.

20 (5) "Board of directors" means the body, regardless of name, with
21 primary authority to manage the affairs of the association.

22 (6) "Common elements" means all portions of a condominium other
23 than the units.

24 (7) "Common expenses" means expenditures made by or financial
25 liabilities of the association, together with any allocations to
26 reserves.

27 (8) "Common expense liability" means the liability for common
28 expenses allocated to each unit pursuant to RCW 64.34.224.

29 (9) "Condominium" means real property, portions of which are
30 designated for separate ownership and the remainder of which is

1 designated for common ownership solely by the owners of those portions.
2 Real property is not a condominium unless the undivided interests in
3 the common elements are vested in the unit owners, and unless a
4 declaration and a survey map and plans have been recorded pursuant to
5 this chapter.

6 (10) "Conversion condominium" means a condominium (a) that at any
7 time before creation of the condominium was lawfully occupied wholly or
8 partially by a tenant or subtenant for residential purposes pursuant to
9 a rental agreement, oral or written, express or implied, for which the
10 tenant or subtenant had not received the notice described in (b) of
11 this subsection; or (b) that, at any time within twelve months before
12 the conveyance of, or acceptance of an agreement to convey, any unit
13 therein other than to a declarant or any affiliate of a declarant, was
14 lawfully occupied wholly or partially by a residential tenant of a
15 declarant or an affiliate of a declarant and such tenant was not
16 notified in writing, prior to lawfully occupying a unit or executing a
17 rental agreement, whichever event first occurs, that the unit was part
18 of a condominium and subject to sale. "Conversion condominium" shall
19 not include a condominium in which, before July 1, 1990, any unit
20 therein had been conveyed or been made subject to an agreement to
21 convey to any transferee other than a declarant or an affiliate of a
22 declarant.

23 (11) "Conveyance" means any transfer of the ownership of a unit,
24 including a transfer by deed or by real estate contract and, with
25 respect to a unit in a leasehold condominium, a transfer by lease or
26 assignment thereof, but shall not include a transfer solely for
27 security.

28 (12) "Dealer" means a person who owns or has a right to acquire
29 either six or more units in a condominium or fifty percent or more of
30 the units in a condominium (~~which have not previously been disposed of~~

1 ~~to any person other than a declarant or a dealer))~~ containing more than
2 two units.

3 (13) "Declarant" means any person or group of persons acting in
4 concert who (a) executes as declarant a declaration as defined in
5 subsection (15) of this section, or (b) reserves or succeeds to any
6 special declarant right under the declaration.

7 (14) "Declarant control" means the right of the declarant or
8 persons designated by the declarant to appoint and remove officers and
9 members of the board of directors, or to veto or approve a proposed
10 action of the board or association, pursuant to RCW 64.34.308 (4) or
11 (5).

12 (15) "Declaration" means the document, however denominated, that
13 creates a condominium by setting forth the information required by RCW
14 64.34.216 and any amendments to that document.

15 (16) "Development rights" means any right or combination of rights
16 reserved by a declarant in the declaration to: (a) Add real property
17 or improvements to a condominium; (b) create units, common elements, or
18 limited common elements within real property included or added to a
19 condominium; (c) subdivide units or convert units into common elements;
20 ~~((or))~~ (d) withdraw real property from a condominium; or (e) reallocate
21 limited common elements with respect to units that have not been
22 conveyed by the declarant.

23 (17) "Dispose" or "disposition" means a voluntary transfer or
24 conveyance to a purchaser or lessee of any legal or equitable interest
25 in a unit, but does not include the transfer or release of a security
26 interest.

27 (18) "Eligible mortgagee" means the holder of a mortgage on a unit
28 that has filed with the secretary of the association a written request
29 that it be given copies of notices of any action by the association
30 that requires the consent of mortgagees.

1 (19) "Foreclosure" means a forfeiture or judicial or nonjudicial
2 foreclosure of a mortgage or a deed in lieu thereof.

3 (20) "Identifying number" means ~~((a symbol or address that~~
4 ~~identifies only one))~~ the designation of each unit in a condominium.

5 (21) "Leasehold condominium" means a condominium in which all or a
6 portion of the real property is subject to a lease, the expiration or
7 termination of which will terminate the condominium or reduce its size.

8 (22) "Limited common element" means a portion of the common
9 elements allocated by the declaration or by operation of RCW 64.34.204
10 (2) or (4) for the exclusive use of one or more but fewer than all of
11 the units.

12 (23) "Master association" means an organization described in RCW
13 64.34.276, whether or not it is also an association described in RCW
14 64.34.300.

15 (24) "Mortgage" means a mortgage, deed of trust or real estate
16 contract.

17 (25) "Person" means a natural person, corporation, partnership,
18 limited partnership, trust, governmental subdivision or agency, or
19 other legal entity.

20 (26) "Purchaser" means any person, other than a declarant or a
21 dealer, who by means of a disposition acquires a legal or equitable
22 interest in a unit other than (a) a leasehold interest, including
23 renewal options, of less than twenty years at the time of creation of
24 the unit, or (b) as security for an obligation.

25 (27) "Real property" means any fee, leasehold or other estate or
26 interest in, over, or under land, including structures, fixtures, and
27 other improvements thereon and easements, rights and interests
28 appurtenant thereto which by custom, usage, or law pass with a
29 conveyance of land although not described in the contract of sale or
30 instrument of conveyance. "Real property" includes parcels, with or

1 without upper or lower boundaries, and spaces that may be filled with
2 air or water.

3 (28) "Residential purposes" means use for dwelling or recreational
4 purposes, or both.

5 (29) "Special declarant rights" means rights reserved for the
6 benefit of a declarant to: (a) Complete improvements indicated on
7 survey maps and plans filed with the declaration under RCW 64.34.232;
8 (b) exercise any development right under RCW 64.34.236; (c) maintain
9 sales offices, management offices, signs advertising the condominium,
10 and models under RCW 64.34.256; (d) use easements through the common
11 elements for the purpose of making improvements within the condominium
12 or within real property which may be added to the condominium under RCW
13 64.34.260; (e) make the condominium part of a larger condominium or a
14 development under RCW (~~64.34.276~~) 64.34.280; (f) make the condominium
15 subject to a master association under RCW 64.34.276; or (g) appoint or
16 remove any officer of the association or any master association or any
17 member of the board of directors, or to veto or approve a proposed
18 action of the board or association, during any period of declarant
19 control under RCW 64.34.308(~~(+3)~~) (4).

20 (30) "Timeshare" shall have the meaning specified in the timeshare
21 act, RCW 64.36.010(11).

22 (31) "Unit" means a physical portion of the condominium designated
23 for separate ownership, the boundaries of which are described pursuant
24 to RCW 64.34.216(1)(d). "Separate ownership" includes leasing a unit
25 in a leasehold condominium under a lease that expires contemporaneously
26 with any lease, the expiration or termination of which will remove the
27 unit from the condominium.

28 (32) "Unit owner" means a declarant or other person who owns a unit
29 or leases a unit in a leasehold condominium under a lease that expires
30 simultaneously with any lease, the expiration or termination of which

1 will remove the unit from the condominium, but does not include a
2 person who has an interest in a unit solely as security for an
3 obligation. "Unit owner" means the vendee, not the vendor, of a unit
4 under a real estate contract.

5 **Sec. 3.** RCW 64.34.040 and 1989 c 43 s 1-105 are each amended to
6 read as follows:

7 (1) If there is any unit owner other than a declarant, each unit
8 that has been created, together with its interest in the common
9 elements, constitutes for all purposes a separate parcel of real
10 property.

11 (2) If there is any unit owner other than a declarant, each unit
12 together with its interest in the common elements must be separately
13 taxed and assessed.

14 (3) (~~Any~~) If a development right has an ascertainable market
15 value, the development right shall constitute a separate parcel of real
16 property for property tax purposes and must be separately taxed and
17 assessed to the declarant.

18 (4) If there is no unit owner other than a declarant, the real
19 property comprising the condominium may be taxed and assessed in any
20 manner provided by law.

21 **Sec. 4.** RCW 64.34.200 and 1990 c 166 s 2 are each amended to read
22 as follows:

23 (1) A condominium may be created pursuant to this chapter only by
24 recording a declaration executed by the owner of the interest subject
25 to this chapter in the same manner as a deed and by simultaneously
26 recording a survey map and plans pursuant to RCW 64.34.232. The
27 declaration and survey map and plans must be recorded in every county
28 in which any portion of the condominium is located, and the condominium

1 shall not have the same name as any other existing condominium, whether
2 created under this chapter or under chapter 64.32 RCW, in any county in
3 which the condominium is located.

4 (2) A declaration or an amendment to a declaration adding units to
5 a condominium may not be recorded unless (a) all structural components
6 and mechanical systems of all buildings containing or comprising any
7 units thereby created are substantially completed as evidenced by a
8 recorded certificate of completion executed by the declarant which
9 certificate may be included in the declaration or the amendment, the
10 survey map and plans to be recorded pursuant to RCW 64.34.232, or a
11 separately recorded written instrument, and (b) all horizontal and
12 vertical boundaries of such units are substantially completed in
13 accordance with the plans required to be recorded by RCW 64.34.232, as
14 evidenced by a recorded certificate of completion executed by a
15 licensed surveyor.

16 NEW SECTION. **Sec. 5.** A new section is added to chapter 64.34 RCW
17 to read as follows:

18 Upon the filing of a written request with the county office in
19 which the declaration is to be recorded, using such form of written
20 request as may be required by the county office and paying such fee as
21 the county office may establish not in excess of fifty dollars, a
22 person may reserve the exclusive right to use a particular name for a
23 condominium to be created in that county. The name being reserved
24 shall not be identical to any other condominium or subdivision plat
25 located in that county, and such name reservation shall automatically
26 lapse unless within three hundred sixty-five days from the date on
27 which the name reservation is filed the person reserving that name
28 either records a declaration using the reserved name or files a new
29 name reservation request.

1 **Sec. 6.** RCW 64.34.204 and 1989 c 43 s 2-102 are each amended to
2 read as follows:

3 Except as provided by the declaration:

4 (1) ~~((If))~~ The walls, floors, or ceilings are ~~((designated as))~~ the
5 boundaries of a unit, and all lath, furring, wallboard, plasterboard,
6 plaster, paneling, tiles, wallpaper, paint, finished flooring, and any
7 other materials constituting any part of the finished surfaces thereof
8 are a part of the unit, and all other portions of the walls, floors, or
9 ceilings are a part of the common elements.

10 (2) If any chute, flue, duct, wire, conduit, bearing wall, bearing
11 column, or any other fixture lies partially within and partially
12 outside the designated boundaries of a unit, any portion thereof
13 serving only that unit is a limited common element allocated solely to
14 that unit, and any portion thereof serving more than one unit or any
15 portion of the common elements is a part of the common elements.

16 (3) Subject to the provisions of subsection (2) of this section,
17 all spaces, interior partitions, and other fixtures and improvements
18 within the boundaries of a unit are a part of the unit.

19 (4) Any shutters, awnings, window boxes, doorsteps, stoops,
20 porches, balconies, patios, and all exterior doors and windows or other
21 fixtures designed to serve a single unit, but which are located outside
22 the unit's boundaries, are limited common elements allocated
23 exclusively to that unit.

24 **Sec. 7.** RCW 64.34.216 and 1989 c 43 s 2-105 are each amended to
25 read as follows:

26 (1) The declaration for a condominium must contain:

27 (a) The name of the condominium, which must include the word
28 "condominium" or be followed by the words "a condominium," and the name
29 of the association;

1 (b) A legal description of the real property included in the
2 condominium;

3 (c) A statement of the number of units which the declarant has
4 created and ~~((reserves the right to create)), if the declarant has~~
5 reserved the right to create additional units, the number of such
6 additional units;

7 (d) The identifying number of each unit created by the declaration
8 and a description of the boundaries of each unit if and to the extent
9 they are different from the boundaries stated in RCW 64.34.204(1);

10 (e) With respect to each existing unit:

11 (i) The approximate square footage;

12 (ii) The number of bathrooms, whole or partial;

13 (iii) The number of rooms designated primarily as bedrooms;

14 (iv) The number of built-in fireplaces; and

15 (v) The level or levels on which each unit is located(~~(; and~~

16 ~~(vi) The type of heat and heat service)).~~

17 The data described in (ii), (iii), and (iv) of this subsection
18 (1)(e) may be omitted with respect to units restricted to
19 nonresidential use;

20 (f) The number of parking spaces and whether covered, uncovered, or
21 enclosed;

22 (g) The number of moorage slips, if any;

23 (h) A description of any limited common elements, other than those
24 specified in RCW 64.34.204 (2) and (4) (~~(and 64.34.228 (2) and (3))~~),
25 as provided in RCW 64.34.232(2)(j);

26 (i) A description of any real property(~~(, except real property~~
27 ~~subject to development rights,)) which may be allocated subsequently by
28 the declarant as limited common elements, other than limited common
29 elements specified in RCW 64.34.204 (2) and (4) (~~(and 64.34.228 (2) and~~
30 ~~(3))~~), together with a statement that they may be so allocated;~~

1 (j) A description of any development rights and other special
2 declarant rights under RCW 64.34.020(29) reserved by the declarant,
3 together with a (~~legal~~) description of the real property to which
4 (~~each of those~~) the development rights (~~applies~~) apply, and a time
5 limit within which each of those rights must be exercised;

6 (k) If any development right may be exercised with respect to
7 different parcels of real property at different times, a statement to
8 that effect together with: (i) Either a statement fixing the
9 boundaries of those portions and regulating the order in which those
10 portions may be subjected to the exercise of each development right, or
11 a statement that no assurances are made in those regards; and (ii) a
12 statement as to whether, if any development right is exercised in any
13 portion of the real property subject to that development right, that
14 development right must be exercised in all or in any other portion of
15 the remainder of that real property;

16 (l) Any other conditions or limitations under which the rights
17 described in (j) of this subsection may be exercised or will lapse;

18 (m) An allocation to each unit of the allocated interests in the
19 manner described in RCW 64.34.224;

20 (n) Any restrictions in the declaration on use, occupancy, or
21 alienation of the units;

22 (o) A cross-reference by recording number to the survey map and
23 plans for the units created by the declaration; and

24 (p) All matters required or permitted by RCW 64.34.220 through
25 64.34.232, 64.34.256, 64.34.260, 64.34.276, and 64.34.308(4).

26 (2) All amendments to the declaration shall contain a cross-
27 reference by recording number to the declaration and to any prior
28 amendments thereto. All amendments to the declaration adding units
29 shall contain a cross-reference by recording number to the survey map

1 and plans relating to the added units and set forth all information
2 required by RCW 64.34.216(1) with respect to the added units.

3 (3) The declaration may contain any other matters the declarant
4 deems appropriate.

5 **Sec. 8.** RCW 64.34.224 and 1989 c 43 s 2-107 are each amended to
6 read as follows:

7 (1) The declaration shall allocate a fraction or percentage of
8 undivided interests in the common elements and in the common expenses
9 of the association, and a portion of the votes in the association, to
10 each unit and state the formulas or methods used to establish those
11 allocations. Those allocations may not discriminate in favor of units
12 owned by the declarant or an affiliate of the declarant.

13 (2) If units may be added to or withdrawn from the condominium, the
14 declaration shall state the formulas or methods to be used to
15 reallocate the allocated interests among all units included in the
16 condominium after the addition or withdrawal.

17 (3) The declaration may provide: (a) For cumulative voting only
18 for the purpose of electing members of the board of directors; and (b)
19 for class voting on specified issues affecting the class if necessary
20 to protect valid interests of the class. A declarant may not utilize
21 cumulative or class voting for the purpose of evading any limitation
22 imposed on declarants by this chapter, nor may units constitute a class
23 because they are owned by a declarant.

24 (4) Except for minor variations due to rounding, the sum of the
25 undivided interests in the common elements and common expense
26 liabilities allocated at any time to all the units must each equal one
27 if stated as fractions or one hundred percent if stated as percentages.
28 In the event of discrepancy between an allocated interest and the

1 result derived from application of the pertinent formula, the allocated
2 interest prevails.

3 (5) Except where permitted by other sections of this chapter, the
4 common elements are not subject to partition, and any purported
5 conveyance, encumbrance, judicial sale, or other voluntary or
6 involuntary transfer of an undivided interest in the common elements
7 made without the unit to which that interest is allocated is void.

8 **Sec. 9.** RCW 64.34.228 and 1989 c 43 s 2-108 are each amended to
9 read as follows:

10 (1) Except for the limited common elements described in RCW
11 64.34.204 (2) and (4), the declaration shall specify to which unit or
12 units each limited common element is allocated.

13 (2) Except in the case of a reallocation being made by a declarant
14 pursuant to a development right reserved in the declaration, a limited
15 common element may only be reallocated between units with the approval
16 of the board of directors and by an amendment to the declaration
17 executed by the owners of the units to which the limited common element
18 was and will be allocated. The board of directors shall approve the
19 request of the owner or owners under this subsection within thirty
20 days, or within such other period provided by the declaration, unless
21 the proposed reallocation does not comply with this chapter or the
22 declaration. The failure of the board of directors to act upon a
23 request within such period shall be deemed approval thereof. The
24 amendment shall be recorded in the names of the parties and of the
25 condominium.

26 (3) Unless otherwise provided in the declaration, (~~sixty-seven~~
27 ~~percent of~~) the ((unit)) owners of units to which at least sixty-seven
28 percent of the votes are allocated, including the owner of the unit to
29 which the limited common element will be assigned or incorporated, must

1 agree to reallocate a common element as a limited common element or to
2 incorporate a common element or a limited common element into an
3 existing unit. Such reallocation or incorporation shall be reflected
4 in an amendment to the declaration, survey map, or plans.

5 **Sec. 10.** RCW 64.34.232 and 1989 c 43 s 2-109 are each amended to
6 read as follows:

7 (1) A survey map and plans executed by the declarant shall be
8 recorded simultaneously with, and contain cross-references by recording
9 number to, the declaration and any amendments. The survey map and
10 plans must be clear and legible and contain a certification by the
11 person making the survey or the plans that all information required by
12 this section is supplied. All plans filed shall be in such style,
13 size, form and quality as shall be prescribed by the recording
14 authority of the county where filed, and a copy shall be delivered to
15 the county assessor.

16 (2) Each survey map shall show or state:

17 (a) The name of the condominium and a legal description and a
18 survey of the land in the condominium and of any land that may be added
19 to the condominium;

20 (b) The boundaries of all land not subject to development rights,
21 or subject only to the development right to withdraw, and the location
22 and dimensions of all existing buildings containing units on that land;

23 (c) The boundaries of any land subject to development rights,
24 labeled (~~to identify the rights applicable to each parcel~~) "SUBJECT
25 TO DEVELOPMENT RIGHTS SET FORTH IN THE DECLARATION"; any land that may
26 be added to the condominium shall also be labeled "MAY BE ADDED TO THE
27 CONDOMINIUM"; any land that may be withdrawn from the condominium shall
28 also be labeled "MAY BE WITHDRAWN FROM THE CONDOMINIUM";

1 (d) The extent of any encroachments by or upon any portion of the
2 condominium;

3 (e) To the extent feasible, the location and dimensions of all
4 recorded easements serving or burdening any portion of the condominium
5 and any unrecorded easements of which a surveyor knows or reasonably
6 should have known, based on standard industry practices, while
7 conducting the survey;

8 (f) Subject to the provisions of subsection (8) of this section,
9 the location and dimensions of any vertical unit boundaries not shown
10 or projected on plans recorded pursuant to subsection (4) of this
11 section and that unit's identifying number;

12 (g) The location with reference to an established datum of any
13 horizontal unit boundaries not shown or projected on plans recorded
14 pursuant to subsection (4) of this section and that unit's identifying
15 number;

16 (h) The location and dimensions of any real property in which the
17 unit owners will own only an estate for years, labeled as "leasehold
18 real property";

19 (i) The distance between any noncontiguous parcels of real property
20 comprising the condominium;

21 (j) The general location of any existing principal common amenities
22 listed in a public offering statement pursuant to RCW 64.34.410(1)(i)
23 and any limited common elements, including limited common element
24 porches, balconies, patios, parking spaces, and storage facilities, but
25 not including the other limited common elements described in RCW
26 64.34.204 (2) and (4);

27 (k) In the case of real property not subject to development rights,
28 all other matters customarily shown on land surveys.

29 (3) A survey map may also show the intended location and dimensions
30 of any contemplated improvement to be constructed anywhere within the

1 condominium. Any contemplated improvement shown must be labeled either
2 "MUST BE BUILT" or "NEED NOT BE BUILT."

3 (4) To the extent not shown or projected on the survey map, plans
4 of the existing units must show or project:

5 (a) Subject to the provisions of subsection (8) of this section,
6 the location and dimensions of the vertical boundaries of each unit,
7 and that unit's identifying number;

8 (b) Any horizontal unit boundaries, with reference to an
9 established datum, and that unit's identifying number; and

10 (c) Any units in which the declarant has reserved the right to
11 create additional units or common elements under RCW 64.34.236(3),
12 identified appropriately.

13 (5) Unless the declaration provides otherwise, the horizontal
14 boundaries of part of a unit located outside of a building have the
15 same elevation as the horizontal boundaries of the inside part and in
16 such case need not be depicted on the survey map and plans.

17 (6) Upon exercising any development right, the declarant shall
18 record either a new survey map and plans necessary to conform to the
19 requirements of subsections (1), (2), and (3) of this section or new
20 certifications of a survey map and plans previously recorded if the
21 documents otherwise conform to the requirements of those subsections.

22 (7) Any survey map, plan, or certification required by this section
23 shall be made by a licensed surveyor.

24 (8) In showing or projecting the location and dimensions of the
25 vertical boundaries of a unit under subsections (2)(f) and (4)(a) of
26 this section, it is not necessary to show the thickness of the walls
27 constituting the vertical boundaries or otherwise show the distance of
28 those vertical boundaries either from the exterior surface of the
29 building containing that unit or from adjacent vertical boundaries of
30 other units if: (a) The walls are designated to be the vertical

1 boundaries of that unit; (b) the unit is located within a building, the
2 location and dimensions of the building having been shown on the survey
3 map under subsection (2)(b) of this section; and (c) the graphic
4 general location of the vertical boundaries are shown in relation to
5 the exterior surfaces of that building and to the vertical boundaries
6 of other units within that building.

7 **Sec. 11.** RCW 64.34.256 and 1989 c 43 s 2-115 are each amended to
8 read as follows:

9 A declarant may maintain sales offices, management offices, and
10 models in units or on common elements in the condominium only if the
11 declaration so provides and specifies the rights of a declarant with
12 regard to the number, (~~size,~~) location, and relocation thereof. Any
13 sales office, management office, or model not designated a unit by the
14 declaration is a common element and, if a declarant ceases to be a unit
15 owner, the declarant ceases to have any rights with regard thereto
16 unless it is removed promptly from the condominium in accordance with
17 a right to remove reserved in the declaration. Subject to any
18 limitations in the declaration, a declarant may maintain signs on the
19 common elements advertising the condominium. The provisions of this
20 section are subject to the provisions of other state law and to local
21 ordinances.

22 **Sec. 12.** RCW 64.34.268 and 1989 c 43 s 2-118 are each amended to
23 read as follows:

24 (1) Except in the case of a taking of all the units by condemnation
25 under RCW 64.34.060, a condominium may be terminated only by agreement
26 of unit owners of units to which at least eighty percent of the votes
27 in the association are allocated, or any larger percentage the
28 declaration specifies: PROVIDED, That the declaration may specify a

1 smaller percentage only if all of the units in the condominium are
2 restricted exclusively to nonresidential uses.

3 (2) An agreement to terminate must be evidenced by the execution of
4 a termination agreement or ratifications thereof, in the same manner as
5 a deed, by the requisite number of unit owners. The termination
6 agreement must specify a date after which the agreement will be void
7 unless it is recorded before that date and shall contain a description
8 of the manner in which the creditors of the association will be paid or
9 provided for. A termination agreement and all ratifications thereof
10 must be recorded in every county in which a portion of the condominium
11 is situated and is effective only upon recording. A termination
12 agreement may be amended by complying with all of the requirements of
13 this section.

14 (3) A termination agreement may provide that all the common
15 elements and units of the condominium shall be sold following
16 termination. If, pursuant to the agreement, any real property in the
17 condominium is to be sold following termination, the termination
18 agreement must set forth the minimum terms of the sale.

19 (4) The association, on behalf of the unit owners, may contract for
20 the sale of real property in the condominium, but the contract is not
21 binding on the unit owners until approved pursuant to subsections (1)
22 and (2) of this section. If any real property in the condominium is to
23 be sold following termination, title to that real property, upon
24 termination, vests in the association as trustee for the holders of all
25 interests in the units. Thereafter, the association has all powers
26 necessary and appropriate to effect the sale. Until the sale has been
27 concluded and the proceeds thereof distributed, the association
28 continues in existence with all powers it had before termination.
29 Proceeds of the sale must be distributed to unit owners and lien
30 holders as their interests may appear, in proportion to the respective

1 interests of unit owners as provided in subsection (7) of this section.
2 Unless otherwise specified in the termination agreement, as long as the
3 association holds title to the real property, each unit owner and the
4 owner's successors in interest have an exclusive right to occupancy of
5 the portion of the real property that formerly constituted the owner's
6 unit. During the period of that occupancy, each unit owner and the
7 owner's successors in interest remain liable for all assessments and
8 other obligations imposed on unit owners by this chapter or the
9 declaration.

10 (5) If the real property constituting the condominium is not to be
11 sold following termination, title to all the real property in the
12 condominium vests in the unit owners upon termination as tenants in
13 common in proportion to their respective interests as provided in
14 subsection (7) of this section, and liens on the units shift
15 accordingly. While the tenancy in common exists, each unit owner and
16 the owner's successors in interest have an exclusive right to occupancy
17 of the portion of the real property that formerly constituted the
18 owner's unit.

19 (6) Following termination of the condominium, the proceeds of any
20 sale of real property, together with the assets of the association, are
21 held by the association as trustee for unit owners and holders of liens
22 on the units and creditors of the association as their interests may
23 appear. No such proceeds or assets may be disbursed to the owners
24 until all of the creditors of the association have been paid or
25 provided for. Following termination, creditors of the association
26 holding liens on the units, which were recorded or perfected under RCW
27 4.64.020 before termination, may enforce those liens in the same manner
28 as any lien holder.

29 (7) The respective interests of unit owners referred to in
30 subsections (4), (5), and (6) of this section are as follows:

1 (a) Except as provided in (b) of this subsection, the respective
2 interests of unit owners are the fair market values of their units,
3 limited common elements, and common element interests immediately
4 before the termination, as determined by one or more independent
5 appraisers selected by the association. The decision of the
6 independent appraisers shall be distributed to the unit owners and
7 becomes final unless disapproved, within thirty days after
8 distribution, by unit owners of units to which twenty-five percent of
9 the votes in the association are allocated. The proportion of any unit
10 owner's interest to that of all unit owners is determined by dividing
11 the fair market value of that unit owner's unit and common element
12 interest by the total fair market values of all the units and common
13 elements.

14 (b) If any unit or any limited common element is destroyed to the
15 extent that an appraisal of the fair market value thereof before
16 destruction cannot be made, the interests of all unit owners are their
17 respective common element interests immediately before the termination.

18 (8) Except as provided in subsection (9) of this section,
19 foreclosure or enforcement of a lien or encumbrance against the entire
20 condominium does not of itself terminate the condominium, and
21 foreclosure or enforcement of a lien or encumbrance against a portion
22 of the condominium, other than withdrawable real property, does not
23 withdraw that portion from the condominium. Foreclosure or enforcement
24 of a lien or encumbrance against withdrawable real property does not of
25 itself withdraw that real property from the condominium, but the person
26 taking title thereto has the right to require from the association,
27 upon request, an amendment excluding the real property from the
28 condominium.

29 (9) If a lien or encumbrance against a portion of the real property
30 that is withdrawable from the condominium has priority over the

1 declaration, and the lien or encumbrance has not been partially
2 released as to a unit, the ~~((parties foreclosing the lien or
3 encumbrance))~~ purchaser at the foreclosure or such purchaser's
4 successors may, upon foreclosure, record an instrument ~~((excluding))~~
5 exercising the right to withdraw the real property subject to that lien
6 or encumbrance from the condominium. The board of directors shall
7 reallocate interests as if the foreclosed portion were condemned.

8 (10) The right of partition under chapter 7.52 RCW shall be
9 suspended if an agreement to sell the property is provided for in the
10 termination agreement pursuant to subsection (3) of this section. The
11 suspension of the right to partition shall continue unless and until no
12 binding obligation to sell exists three months after the recording of
13 the termination agreement, the binding sale agreement is terminated, or
14 one year after the termination agreement is recorded, whichever first
15 occurs.

16 NEW SECTION. Sec. 13. A new section is added to chapter 64.34 RCW
17 to read as follows:

18 (1) If the declaration provides that any of the powers described in
19 RCW 64.34.304 are to be exercised by or may be delegated to a profit or
20 nonprofit corporation that exercises those or other powers on behalf of
21 unit owners owning less than all of the units in a condominium, and
22 where those unit owners share the exclusive use of one or more limited
23 common elements within the condominium or share some property or other
24 interest in the condominium in common that is not shared by the
25 remainder of the unit owners in the condominium, all provisions of this
26 chapter applicable to unit owners' associations apply to any such
27 corporation, except as modified by this section. The delegation of
28 powers to a subassociation shall not be used to discriminate in favor
29 of units owned by the declarant or an affiliate of the declarant.

1 (2) A subassociation may exercise the powers set forth in RCW
2 64.34.304(1) only to the extent expressly permitted by the declaration
3 of the condominium of which the units in the subassociation are a part
4 of or expressly described in the delegations of power from that
5 condominium to the subassociation.

6 (3) If the declaration of any condominium contains a delegation of
7 certain powers to a subassociation, or provides that the board of
8 directors of the condominium may make such a delegation, the members of
9 the board of directors have no liability for the acts or omissions of
10 the subassociation with respect to those powers so exercised by the
11 subassociation following delegation.

12 (4) The rights and responsibilities of unit owners with respect to
13 the unit owners' association set forth in RCW 64.34.300 through
14 64.34.376 apply to the conduct of the affairs of a subassociation.

15 (5) Notwithstanding the provisions of RCW 64.34.308(6) with respect
16 to the election of the board of directors of an association by all unit
17 owners after the period of declarant control ends, the board of
18 directors of the subassociation shall be elected after the period of
19 declarant control by the unit owners of all of the units in the
20 condominium subject to the subassociation.

21 (6) The declaration of the condominium creating the subassociation
22 may provide that the authority of the board of directors of the
23 subassociation is exclusive with regard to the powers and
24 responsibilities delegated to it. In the alternative, the declaration
25 may provide as to some or all such powers that the authority of the
26 board of directors of a subassociation is concurrent with and subject
27 to the authority of the board of directors of the unit owners'
28 association, in which case the declaration shall also contain standards
29 and procedures for the review of the decisions of the board of
30 directors of the subassociation and procedures for resolving any

1 dispute between the board of the unit owners' association and the board
2 of the subassociation.

3 **Sec. 14.** RCW 64.34.300 and 1989 c 43 s 3-101 are each amended to
4 read as follows:

5 A unit owners' association shall be organized no later than the
6 date the first unit in the condominium is conveyed. The membership of
7 the association at all times shall consist exclusively of all the unit
8 owners. Following termination of the condominium, the membership of
9 the association shall consist of all of the unit owners at the time of
10 termination entitled to distributions of proceeds under RCW 64.34.268
11 or their heirs, successors, or assigns. The association shall be
12 organized as a profit or nonprofit corporation. In case of any
13 conflict between Title ((23A)) 23B RCW, the business corporation act,
14 chapter 24.03 RCW, the nonprofit corporation act, or chapter 24.06 RCW,
15 the nonprofit miscellaneous and mutual corporations act, and this
16 chapter, this chapter shall control.

17 **Sec. 15.** RCW 64.34.308 and 1989 c 43 s 3-103 are each amended to
18 read as follows:

19 (1) Except as provided in the declaration, the bylaws, subsection
20 (2) of this section, or other provisions of this chapter, the board of
21 directors shall act in all instances on behalf of the association. In
22 the performance of their duties, the officers and members of the board
23 of directors are required to exercise: (a) If appointed by the
24 declarant, the care required of fiduciaries of the unit owners; or (b)
25 if elected by the unit owners, ordinary and reasonable care.

26 (2) The board of directors shall not act on behalf of the
27 association to amend the declaration in any manner that requires the
28 vote or approval of the unit owners pursuant to RCW 64.34.264, to

1 terminate the condominium pursuant to RCW 64.34.268, or to elect
2 members of the board of directors or determine the qualifications,
3 powers, and duties, or terms of office of members of the board of
4 directors pursuant to subsection (6) of this section; but the board of
5 directors may fill vacancies in its membership for the unexpired
6 portion of any term.

7 (3) Within thirty days after adoption of any proposed budget for
8 the condominium, the board of directors shall provide a summary of the
9 budget to all the unit owners and shall set a date for a meeting of the
10 unit owners to consider ratification of the budget not less than
11 fourteen nor more than sixty days after mailing of the summary. Unless
12 at that meeting the owners of units to which a majority of the votes in
13 the association are allocated or any larger percentage specified in the
14 declaration reject the budget, the budget is ratified, whether or not
15 a quorum is present. In the event the proposed budget is rejected or
16 the required notice is not given, the periodic budget last ratified by
17 the unit owners shall be continued until such time as the unit owners
18 ratify a subsequent budget proposed by the board of directors.

19 (4)(a) Subject to subsection (5) of this section, the declaration
20 may provide for a period of declarant control of the association,
21 during which period a declarant, or persons designated by the
22 declarant, may: (i) Appoint and remove the officers and members of the
23 board of directors; or (ii) veto or approve a proposed action of the
24 board or association. A declarant's failure to veto or approve such
25 proposed action in writing within thirty days after receipt of written
26 notice of the proposed action shall be deemed approval by the
27 declarant.

28 (b) Regardless of the period provided in the declaration, a period
29 of declarant control terminates no later than the earlier of: ((+a))
30 (i) Sixty days after conveyance of seventy-five percent of the units

1 which may be created to unit owners other than a declarant; ~~((b))~~
2 (ii) two years after the last conveyance or transfer of record of a
3 unit except as security for a debt; ~~((e))~~ (iii) two years after any
4 development right to add new units was last exercised; or ~~((d))~~ (iv)
5 the date on which the declarant records an amendment to the declaration
6 pursuant to which the declarant voluntarily surrenders the right to
7 further appoint and remove officers and members of the board of
8 directors. A declarant may voluntarily surrender the right to appoint
9 and remove officers and members of the board of directors before
10 termination of that period pursuant to ~~((a), (b), and (c))~~ (i), (ii),
11 and (iii) of this subsection (4)(b), but in that event the declarant
12 may require, for the duration of the period of declarant control, that
13 specified actions of the association or board of directors, as
14 described in a recorded instrument executed by the declarant, be
15 approved by the declarant before they become effective.

16 (5) Not later than sixty days after conveyance of twenty-five
17 percent of the units which may be created to unit owners other than a
18 declarant, at least one member and not less than twenty-five percent of
19 the members of the board of directors must be elected by unit owners
20 other than the declarant. Not later than sixty days after conveyance
21 of fifty percent of the units which may be created to unit owners other
22 than a declarant, not less than thirty-three and one-third percent of
23 the members of the board of directors must be elected by unit owners
24 other than the declarant.

25 (6) Within thirty days after the termination of any period of
26 declarant control, the unit owners shall elect a board of directors of
27 at least three members, at least a majority of whom must be unit
28 owners. The number of directors need not exceed the number of units
29 then in the condominium. The board of directors shall elect the

1 officers. Such members of the board of directors and officers shall
2 take office upon election.

3 (7) Notwithstanding any provision of the declaration or bylaws to
4 the contrary, the unit owners, by a two-thirds vote of the voting power
5 in the association present and entitled to vote at any meeting of the
6 unit owners at which a quorum is present, may remove any member of the
7 board of directors with or without cause, other than a member appointed
8 by the declarant. The declarant may not remove any member of the board
9 of directors elected by the unit owners. Prior to the termination of
10 the period of declarant control, the unit owners, other than the
11 declarant, may remove by a two-thirds vote, any director elected by the
12 unit owners.

13 **Sec. 16.** RCW 64.34.324 and 1989 c 43 s 3-107 are each amended to
14 read as follows:

15 (1) Unless provided for in the declaration, the bylaws of the
16 association shall provide for:

17 (a) The number, qualifications, powers and duties, terms of office,
18 and manner of electing and removing the board of directors and officers
19 and filling vacancies;

20 (b) Election by the board of directors of such officers of the
21 association as the bylaws specify;

22 (c) Which, if any, of its powers the board of directors or officers
23 may delegate to other persons or to a managing agent;

24 (d) Which of its officers may prepare, execute, certify, and record
25 amendments to the declaration on behalf of the association; and

26 (e) The method of amending the bylaws.

27 (2) Subject to the provisions of the declaration, the bylaws may
28 provide for any other matters the association deems necessary and
29 appropriate.

1 (3) (~~(If the declaration or bylaws provide that any officers or~~
2 ~~directors of the association must be unit owners, then)~~) In determining
3 the qualifications of any officer or director of the association,
4 notwithstanding the provision of RCW 64.34.020(32)(~~7~~) the term "unit
5 owner" in such context shall, unless the declaration or bylaws
6 otherwise provide, be deemed to include any director, officer, partner
7 in, or trustee of any person, who is, either alone or in conjunction
8 with another person or persons, a unit owner. Any officer or director
9 of the association who would not be eligible to serve as such if he or
10 she were not a director, officer, partner in, or trustee of such a
11 person shall be disqualified from continuing in office if he or she
12 ceases to have any such affiliation with that person, or if that person
13 would have been disqualified from continuing in such office as a
14 natural person.

15 **Sec. 17.** RCW 64.34.340 and 1989 c 43 s 3-111 are each amended to
16 read as follows:

17 (1) If only one of the multiple owners of a unit is present at a
18 meeting of the association or has delivered a written ballot or proxy
19 to the association secretary, the owner is entitled to cast all the
20 votes allocated to that unit. If more than one of the multiple owners
21 are present or has delivered a written ballot or proxy to the
22 association secretary, the votes allocated to that unit may be cast
23 only in accordance with the agreement of a majority in interest of the
24 multiple owners, unless the declaration expressly provides otherwise.
25 There is majority agreement if any one of the multiple owners casts the
26 votes allocated to that unit without protest being made promptly to the
27 person presiding over the meeting by any of the other owners of the
28 unit.

1 (2) Votes allocated to a unit may be cast pursuant to a proxy duly
2 executed by a unit owner. If a unit is owned by more than one person,
3 each owner of the unit may vote or register protest to the casting of
4 votes by the other owners of the unit through a duly executed proxy.
5 A unit owner may not revoke a proxy given pursuant to this section
6 except by actual notice of revocation to the person presiding over a
7 meeting of the association. A proxy is void if it is not dated or
8 purports to be revocable without notice. Unless stated otherwise in
9 the proxy, a proxy terminates eleven months after its date of issuance.

10 (3) If the declaration requires that votes on specified matters
11 affecting the condominium be cast by lessees rather than unit owners of
12 leased units: (a) The provisions of subsections (1) and (2) of this
13 section apply to lessees as if they were unit owners; (b) unit owners
14 who have leased their units to other persons may not cast votes on
15 those specified matters; and (c) lessees are entitled to notice of
16 meetings, access to records, and other rights respecting those matters
17 as if they were unit owners. Unit owners must also be given notice, in
18 the manner provided in RCW 64.34.332, of all meetings at which lessees
19 may be entitled to vote.

20 (4) No votes allocated to a unit owned by the association may be
21 cast, and in determining the percentage of votes required to act on any
22 matter, the votes allocated to units owned by the association shall be
23 disregarded.

24 **Sec. 18.** RCW 64.34.352 and 1990 c 166 s 4 are each amended to read
25 as follows:

26 (1) Commencing not later than the time of the first conveyance of
27 a unit to a person other than a declarant, the association shall
28 maintain, to the extent reasonably available:

1 (a) Property insurance on the condominium, which may, but need not,
2 include equipment, improvements, and betterments in a unit installed by
3 the declarant or the unit owners, insuring against all risks of direct
4 physical loss commonly insured against (~~or, in the case of a~~
5 ~~conversion building, against fire and extended coverage perils~~). The
6 total amount of insurance after application of any deductibles shall be
7 not less than eighty percent, or such greater amount specified in the
8 declaration, of the actual cash value of the insured property at the
9 time the insurance is purchased and at each renewal date, exclusive of
10 land, excavations, foundations, and other items normally excluded from
11 property policies; and

12 (b) Liability insurance, including medical payments insurance, in
13 an amount determined by the board of directors but not less than the
14 amount specified in the declaration, covering all occurrences commonly
15 insured against for death, bodily injury, and property damage arising
16 out of or in connection with the use, ownership, or maintenance of the
17 common elements.

18 (2) If the insurance described in subsection (1) of this section is
19 not reasonably available, or is modified, canceled, or not renewed, the
20 association promptly shall cause notice of that fact to be hand-
21 delivered or sent prepaid by first class United States mail to all unit
22 owners, to each eligible mortgagee, and to each mortgagee to whom a
23 certificate or memorandum of insurance has been issued at their
24 respective last known addresses. The declaration may require the
25 association to carry any other insurance, and the association in any
26 event may carry any other insurance it deems appropriate to protect the
27 association or the unit owners.

28 (3) Insurance policies carried pursuant to subsection (1) of this
29 section shall provide that:

1 (a) Each unit owner is an insured person under the policy with
2 respect to liability arising out of the owner's interest in the common
3 elements or membership in the association;

4 (b) The insurer waives its right to subrogation under the policy
5 against any unit owner, member of the owner's household, and lessee of
6 the owner;

7 (c) No act or omission by any unit owner, unless acting within the
8 scope of the owner's authority on behalf of the association, will void
9 the policy or be a condition to recovery under the policy; and

10 (d) If, at the time of a loss under the policy, there is other
11 insurance in the name of a unit owner covering the same risk covered by
12 the policy, the association's policy provides primary insurance.

13 (4) Any loss covered by the property insurance under subsection
14 (1)(a) of this section must be adjusted with the association, but the
15 insurance proceeds for that loss are payable to any insurance trustee
16 designated for that purpose, or otherwise to the association, and not
17 to any holder of a mortgage. The insurance trustee or the association
18 shall hold any insurance proceeds in trust for unit owners and
19 lienholders as their interests may appear. Subject to the provisions
20 of subsection (7) of this section, the proceeds must be disbursed first
21 for the repair or restoration of the damaged property, and unit owners
22 and lienholders are not entitled to receive payment of any portion of
23 the proceeds unless there is a surplus of proceeds after the property
24 has been completely repaired or restored or the condominium is
25 terminated.

26 (5) An insurance policy issued to the association does not prevent
27 a unit owner from obtaining insurance for the owner's own benefit.

28 (6) An insurer that has issued an insurance policy under this
29 section shall issue certificates or memoranda of insurance to the
30 association and, upon written request, to any unit owner or holder of

1 a mortgage. The insurer issuing the policy may not modify the amount
2 or the extent of the coverage of the policy or cancel or refuse to
3 renew the policy unless the insurer has complied with all applicable
4 provisions of chapter 48.18 RCW pertaining to the cancellation or
5 nonrenewal of contracts of insurance. The insurer shall not modify the
6 amount or the extent of the coverage of the policy, or cancel or refuse
7 to renew the policy without complying with this section.

8 (7) Any portion of the condominium for which insurance is required
9 under this section which is damaged or destroyed shall be repaired or
10 replaced promptly by the association unless: (a) The condominium is
11 terminated; (b) repair or replacement would be illegal under any state
12 or local health or safety statute or ordinance; or (c) eighty percent
13 of the unit owners, including every owner of a unit or assigned limited
14 common element which will not be rebuilt, vote not to rebuild. The
15 cost of repair or replacement in excess of insurance proceeds and
16 reserves is a common expense. If all of the damaged or destroyed
17 portions of the condominium are not repaired or replaced: (i) The
18 insurance proceeds attributable to the damaged common elements shall be
19 used to restore the damaged area to a condition compatible with the
20 remainder of the condominium; (ii) the insurance proceeds attributable
21 to units and limited common elements which are not rebuilt shall be
22 distributed to the owners of those units and the owners of the units to
23 which those limited common elements were allocated, or to lienholders,
24 as their interests may appear; and (iii) the remainder of the proceeds
25 shall be distributed to all the unit owners or lienholders, as their
26 interests may appear, in proportion to the common element interests of
27 all the units. If the unit owners vote not to rebuild any unit, that
28 unit's allocated interests are automatically reallocated upon the vote
29 as if the unit had been condemned under RCW 64.34.060(1), and the
30 association promptly shall prepare, execute, and record an amendment to

1 the declaration reflecting the reallocations. Notwithstanding the
2 provisions of this subsection, RCW 64.34.268 governs the distribution
3 of insurance proceeds if the condominium is terminated.

4 (8) The provisions of this section may be varied or waived as
5 provided in the declaration if all units of a condominium are
6 restricted to nonresidential use.

7 **Sec. 19.** RCW 64.34.372 and 1990 c 166 s 7 are each amended to read
8 as follows:

9 (1) The association shall keep financial records sufficiently
10 detailed to enable the association to comply with RCW 64.34.425. All
11 financial and other records of the association, including but not
12 limited to checks, bank records, and invoices, are the property of the
13 association, but shall be made reasonably available for examination and
14 copying by the manager of the association, any unit owner ((and)), or
15 the owner's authorized agents. At least annually, the association
16 shall prepare, or cause to be prepared, a financial statement of the
17 association in accordance with generally accepted accounting
18 principles. The financial statements of condominiums consisting of
19 fifty or more units shall be audited at least annually by a certified
20 public accountant. In the case of a condominium consisting of fewer
21 than fifty units, an annual audit is also required but may be waived
22 annually by unit owners other than the declarant of units to which
23 sixty percent of the votes are allocated, excluding the votes allocated
24 to units owned by the declarant.

25 (2) The funds of an association shall be kept in accounts in the
26 name of the association and shall not be commingled with the funds of
27 any other association, nor with the funds of any manager of the
28 association or any other person responsible for the custody of such
29 funds. Any reserve funds of an association shall be kept in a

1 segregated account and any transaction affecting such funds, including
2 the issuance of checks, shall require the signature of at least two
3 persons who are officers or directors of the association.

4 **Sec. 20.** RCW 64.34.400 and 1990 c 166 s 9 are each amended to read
5 as follows:

6 (1) This article applies to all units subject to this chapter,
7 except as provided in subsection (2) of this section and unless and to
8 the extent otherwise agreed to in writing by the seller and purchasers
9 of those units that are restricted to nonresidential use in the
10 declaration.

11 (2) ~~((Neither a public offering statement nor a resale certificate
12 need be prepared or delivered))~~ This article shall not apply in the
13 case of:

14 (a) A conveyance by gift, devise, or descent;

15 (b) A conveyance pursuant to court order;

16 (c) A disposition by a government or governmental agency;

17 (d) A conveyance by foreclosure;

18 (e) A disposition ~~((to a dealer who intends to offer those units to
19 purchasers))~~ of all of the units in a condominium in a single
20 transaction;

21 (f) A disposition to other than a purchaser as defined in RCW
22 64.34.020(26); or

23 ~~((f))~~ (g) A disposition that may be canceled at any time and for
24 any reason by the purchaser without penalty.

25 **Sec. 21.** RCW 64.34.410 and 1989 c 43 s 4-103 are each amended to
26 read as follows:

27 (1) A public offering statement shall contain the following
28 information:

- 1 (a) The name and address of the condominium;
- 2 (b) The name and address of the declarant;
- 3 (c) The name and address of the management company, if any;
- 4 (d) The relationship of the management company to the declarant, if
5 any;
- 6 (e) A list of up to the five most recent condominium projects
7 completed by the declarant or an affiliate of the declarant within the
8 past five years, including the names of the condominiums, their
9 addresses, and the number of existing units in each. For the purpose
10 of this section, a condominium is "completed" when any one unit therein
11 has been rented or sold;
- 12 (f) The nature of the interest being offered for sale;
- 13 (g) A brief description of the permitted uses and use restrictions
14 pertaining to the units and the common elements;
- 15 (h) The number of existing units in the condominium and the maximum
16 number of units that may be added to the condominium;
- 17 (i) A list of the principal common amenities in the condominium
18 which materially affect the value of the condominium and those that
19 will or may be added to the condominium;
- 20 (j) A list of the limited common elements assigned to the units
21 being offered for sale;
- 22 (k) The identification of any real property not in the condominium,
23 the owner of which has access to any of the common elements, and a
24 description of the terms of such access;
- 25 (l) The identification of any real property not in the condominium
26 to which unit owners have access and a description of the terms of such
27 access;
- 28 (m) The status of construction of the units and common elements,
29 including estimated dates of completion if not completed;

1 (n) The estimated current common expense liability for the units
2 being offered;

3 (o) An estimate of any payment with respect to the common expense
4 liability for the units being offered which will be due at closing;

5 (p) The estimated current amount and purpose of any fees not
6 included in the common expenses and charged by the declarant or the
7 association for the use of any of the common elements;

8 (q) Any assessments which have been agreed to or are known to the
9 declarant and which, if not paid, may constitute a lien against any
10 units or common elements in favor of any governmental agency;

11 (r) The identification of any parts of the condominium, other than
12 the units, which any individual owner will have the responsibility for
13 maintaining;

14 (s) If the condominium involves a conversion (~~(building)~~)
15 condominium, the information required by RCW 64.34.415;

16 (t) Whether timesharing is restricted or prohibited, and if
17 restricted, a general description of such restrictions;

18 (u) A list of all development rights reserved to the declarant and
19 all special declarant rights reserved to the declarant, together with
20 the dates such rights must terminate, and a copy of or reference by
21 recording number to any recorded transfer of a special declarant right;

22 (v) (~~The identification of any model units and~~) A description of
23 (~~the~~) any material differences in terms of furnishings, fixtures,
24 finishes, and equipment between (~~the~~) any model unit available to the
25 purchaser at the time the agreement for sale is executed and the unit
26 being offered;

27 (w) Any liens on real property to be conveyed to the association
28 required to be disclosed pursuant to RCW 64.34.435(2)(b);

29 (x) A list of any physical hazards known to the declarant which
30 particularly affect the condominium or the immediate vicinity in which

1 the condominium is located and which are not readily ascertainable by
2 the purchaser;

3 (y) A brief description of any construction warranties to be
4 provided to the purchaser;

5 (z) Any building code violation citations received by the declarant
6 in connection with the condominium which have not been corrected;

7 (aa) A statement of any unsatisfied judgments or pending suits
8 against the association, a statement of the status of any pending suits
9 material to the condominium of which the declarant has actual
10 knowledge, and a statement of any litigation brought by an owners'
11 association, unit owner, or governmental entity in which the declarant
12 or any affiliate of the declarant has been a defendant, arising out of
13 the construction, sale, or administration of any condominium within the
14 previous five years, together with the results thereof, if known;

15 (bb) Any rights of first refusal to lease or purchase any unit or
16 any of the common elements;

17 (cc) The extent to which the insurance provided by the association
18 covers furnishings, fixtures, and equipment located in the unit;

19 (dd) A notice which describes a purchaser's right to cancel the
20 purchase agreement or extend the closing under RCW 64.34.420, including
21 applicable time frames and procedures;

22 (ee) Any reports or statements required by RCW 64.34.415 or
23 64.34.440(6)(a). RCW 64.34.415 shall apply to the public offering
24 statement of a condominium in connection with which a final certificate
25 of occupancy was issued more than sixty calendar months prior to the
26 preparation of the public offering statement whether or not the
27 condominium is a conversion condominium as defined in RCW
28 64.34.020(10);

1 ~~(ff)~~ A list of the documents which the prospective purchaser is
2 entitled to receive from the declarant before the rescission period
3 commences;

4 ~~((ff))~~ (gg) A notice which states: A purchaser may not rely on
5 any representation or express warranty unless it is contained in the
6 public offering statement or made in writing signed by the declarant or
7 by any person identified in the public offering statement as the
8 declarant's agent;

9 ~~((gg))~~ (hh) A notice which states: This public offering
10 statement is only a summary of some of the significant aspects of
11 purchasing a unit in this condominium and the condominium documents are
12 complex, contain other important information, and create binding legal
13 obligations. You should consider seeking the assistance of legal
14 counsel; and

15 ~~((hh))~~ (ii) Any other information and cross-references which the
16 declarant believes will be helpful in describing the condominium to the
17 recipients of the public offering statement, all of which may be
18 included or not included at the option of the declarant.

19 (2) The public offering statement shall include copies of each of
20 the following documents: The declaration, the survey map and plans,
21 the articles of incorporation of the association, bylaws of the
22 association, rules and regulations, if any, current or proposed budget
23 for the association, and the balance sheet of the association current
24 within ninety days if assessments have been collected for ninety days
25 or more.

26 If any of the foregoing documents listed in this subsection are not
27 available because they have not been executed, adopted, or recorded,
28 drafts of such documents shall be provided with the public offering
29 statement, and, before closing the sale of a unit, the purchaser shall

1 be given copies of any material changes between the draft of the
2 proposed documents and the final documents.

3 (3) The disclosures required by subsection (1) (g), (j), (r), (t),
4 (u), and (bb) of this section shall also contain a reference to
5 specific sections in the condominium documents which further explain
6 the information disclosed.

7 (4) The disclosures required by subsection (1) (dd), (~~(ff)~~) (gg),
8 and (~~(gg)~~) (hh) of this section shall be located at the top of the
9 first page of the public offering statement and be typed or printed in
10 ten-point bold face type size.

11 (5) A declarant shall promptly amend the public offering statement
12 to reflect any material change in the information required by this
13 section.

14 **Sec. 22.** RCW 64.34.415 and 1990 c 166 s 10 are each amended to
15 read as follows:

16 (1) The public offering statement of a conversion condominium shall
17 contain, in addition to the information required by RCW 64.34.410:

18 (a) (~~(A statement by the declarant, based on)~~) Either a copy of a
19 report prepared by an independent, licensed architect or engineer,
20 (~~(describing)~~) or a statement by the declarant based on such report,
21 which report or statement describes, to the extent reasonably
22 ascertainable, the present condition of all structural components and
23 mechanical and electrical installations material to the use and
24 enjoyment of the condominium;

25 (b) A statement by the declarant of the expected useful life of
26 each item reported on in (a) of this subsection or a statement that no
27 representations are made in that regard; and

28 (c) A list of any outstanding notices of uncured violations of
29 building code or other municipal regulations, together with the

1 estimated cost of curing those violations. Unless the purchaser waives
2 in writing the curing of specific violations, the extent to which the
3 declarant will cure such violations prior to the closing of the sale of
4 a unit in the condominium shall be included.

5 (2) This section applies only to condominiums containing units that
6 may be occupied for residential use.

7 **Sec. 23.** RCW 64.34.425 and 1990 c 166 s 12 are each amended to
8 read as follows:

9 (1) Except in the case of a sale where delivery of a public
10 offering statement is required, or unless exempt under RCW
11 64.34.400(2), a unit owner shall furnish to a purchaser before
12 execution of any contract for sale of a unit, or otherwise before
13 conveyance, (~~a copy of the declaration, the bylaws, the rules or~~
14 ~~regulations of the association, and~~) a resale certificate, signed by
15 an officer or authorized agent of the association and based on the
16 books and records of the association and the actual knowledge of the
17 person signing the certificate, containing:

18 (a) A statement disclosing (~~the effect on the proposed conveyance~~
19 ~~of~~) any right of first refusal or other restraint on the free
20 alienability of the unit contained in the declaration;

21 (b) A statement setting forth the amount of the monthly common
22 expense assessment and any unpaid common expense or special assessment
23 currently due and payable from the selling unit owner and a statement
24 of any special assessments that have been levied against the unit which
25 have not been paid even though not yet due;

26 (c) A statement, which shall be current to within forty-five days,
27 of any common expenses or special assessments against any unit in the
28 condominium that are past due over thirty days;

1 (d) A statement, which shall be current to within forty-five days,
2 of any obligation of the association which is past due over thirty
3 days;

4 (e) A statement of any other fees payable by unit owners;

5 (f) A statement of any anticipated repair or replacement cost in
6 excess of five percent of the annual budget of the association that has
7 been approved by the board of directors;

8 (g) A statement of the amount of any reserves for repair or
9 replacement and of any portions of those reserves currently designated
10 by the association for any specified projects;

11 (h) The annual financial statement of the association, including
12 the audit report if it has been prepared, for the year immediately
13 preceding the current year.

14 (i) A balance sheet and a revenue and expense statement of the
15 association prepared on an accrual basis, which shall be current to
16 within one hundred twenty days;

17 (j) The current operating budget of the association;

18 (k) A statement of any unsatisfied judgments against the
19 association and the status of any pending suits in which the
20 association is a defendant;

21 (l) A statement describing any insurance coverage provided for the
22 benefit of unit owners;

23 (m) A statement as to whether there are any alterations or
24 improvements to the unit or to the limited common elements assigned
25 thereto that violate any provision of the declaration;

26 (n) A statement of the number of units, if any, still owned by the
27 declarant, whether the declarant has transferred control of the
28 association to the unit owners, and the date of such transfer;

1 (o) A statement as to whether there are any violations of the
2 health or building codes with respect to the unit, the limited common
3 elements assigned thereto, or any other portion of the condominium;

4 (p) A statement of the remaining term of any leasehold estate
5 affecting the condominium and the provisions governing any extension or
6 renewal thereof; and

7 (q) A copy of the declaration, the bylaws, the rules or regulations
8 of the association, and any other information reasonably requested by
9 mortgagees of prospective purchasers of units. Information requested
10 generally by ((the)) the federal national mortgage association,
11 ((the)) the federal home loan bank board, ((the)) the government
12 national mortgage association, the veterans administration and the
13 department of housing and urban development shall be deemed reasonable,
14 provided such information is reasonably available to the association.

15 (2) The association, within ten days after a request by a unit
16 owner, and subject to payment of any fee imposed pursuant to RCW
17 64.34.304(1)(1), shall furnish a resale certificate signed by an
18 officer or authorized agent of the association and containing the
19 information necessary to enable the unit owner to comply with this
20 section. For the purposes of this chapter, a reasonable charge for the
21 preparation of a resale certificate may not exceed one hundred fifty
22 dollars. The association may charge a unit owner a nominal fee for
23 updating a resale certificate within six months of the unit owner's
24 request. The unit owner shall also sign the certificate but the unit
25 owner is not liable to the purchaser for any erroneous information
26 provided by the association and included in the certificate unless and
27 to the extent the unit owner had actual knowledge thereof.

28 (3) A purchaser is not liable for any unpaid assessment or fee
29 against the unit as of the date of the certificate greater than the
30 amount set forth in the certificate prepared by the association unless

1 and to the extent such purchaser had actual knowledge thereof. A unit
2 owner is not liable to a purchaser for the failure or delay of the
3 association to provide the certificate in a timely manner, but the
4 purchaser's contract is voidable by the purchaser until the certificate
5 has been provided and for five days thereafter or until conveyance,
6 whichever occurs first.

7 **Sec. 24.** RCW 64.34.430 and 1989 c 43 s 4-108 are each amended to
8 read as follows:

9 Any deposit made in connection with the purchase or reservation of
10 a unit from a person required to deliver a public offering statement
11 pursuant to RCW 64.34.405(3) shall be placed in escrow and held
12 ((either)) in this state ((or in the state where the unit is located))
13 in an escrow or trust account designated solely for that purpose by a
14 licensed title insurance company, an attorney, a real estate broker, an
15 independent bonded escrow company, or an institution whose accounts are
16 insured by a governmental agency or instrumentality until: (1)
17 Delivered to the declarant at closing; (2) delivered to the declarant
18 because of purchaser's default under a contract to purchase the unit;
19 (3) refunded to the purchaser; or (4) delivered to a court in
20 connection with the filing of an interpleader action.

21 **Sec. 25.** RCW 64.34.440 and 1990 c 166 s 13 are each amended to
22 read as follows:

23 (1) A declarant of a conversion condominium, and any dealer who
24 intends to offer units in such a condominium, shall give each of the
25 residential tenants and any residential subtenant in possession of a
26 portion of a conversion condominium notice of the conversion and
27 provide those persons with the public offering statement no later than
28 ninety days before the tenants and any subtenant in possession are

1 required to vacate. The notice must set forth generally the rights of
2 tenants and subtenants under this section and shall be delivered
3 pursuant to notice requirements set forth in RCW 59.12.040. No tenant
4 or subtenant may be required to vacate upon less than ninety days'
5 notice, except by reason of nonpayment of rent, waste, conduct that
6 disturbs other tenants' peaceful enjoyment of the premises, or act of
7 unlawful detainer as defined in RCW 59.12.030, and the terms of the
8 tenancy may not be altered during that period. Nothing in this
9 subsection shall be deemed to waive or repeal RCW 59.18.200(2).
10 Failure to give notice as required by this section is a defense to an
11 action for possession.

12 (2) For sixty days after delivery or mailing of the notice
13 described in subsection (1) of this section, the person required to
14 give the notice shall offer to convey each unit or proposed unit
15 occupied for residential use to the tenant who leases that unit. If a
16 tenant fails to purchase the unit during that sixty-day period, the
17 offeror may ~~((not))~~ offer to dispose of an interest in that unit during
18 the following one hundred eighty days at a price or on terms more
19 favorable to the offeree than the price or terms offered to the tenant
20 only if: (a) Such offeror, by written notice mailed to the tenant's
21 last known address, offers to sell an interest in that unit at the more
22 favorable price and terms, and (b) such tenant fails to accept such
23 offer in writing within ten days following the mailing of the offer to
24 the tenant. This subsection does not apply to any unit in a conversion
25 condominium if that unit will be restricted exclusively to
26 nonresidential use or the boundaries of the converted unit do not
27 substantially conform to the dimensions of the residential unit before
28 conversion.

29 (3) If a seller, in violation of subsection (2) of this section,
30 conveys a unit to a purchaser for value who has no knowledge of the

1 violation, recording of the deed conveying the unit extinguishes any
2 right a tenant may have to purchase that unit but does not affect the
3 right of a tenant to recover damages from the seller for a violation of
4 subsection (2) of this section.

5 (4) If a notice of conversion specifies a date by which a unit or
6 proposed unit must be vacated and otherwise complies with the
7 provisions of this chapter and chapter 59.18 RCW, the notice also
8 constitutes a notice to vacate specified by that statute.

9 (5) Nothing in this section permits termination of a lease by a
10 declarant in violation of its terms.

11 (6) Notwithstanding RCW 64.34.050(1), a city or county may by
12 appropriate ordinance require with respect to any conversion
13 condominium within the jurisdiction of such city or county that:

14 (a) In addition to the statement required by RCW 64.34.415(1)(a),
15 the public offering statement shall contain a copy of the written
16 inspection report prepared by the appropriate department of such city
17 or county, which report shall list any violations of the housing code
18 or other governmental regulation, which code or regulation is
19 applicable regardless of whether the real property is owned as a
20 condominium or in some other form of ownership; said inspection shall
21 be made within forty-five days of the declarant's written request
22 therefor and said report shall be issued within fourteen days of said
23 inspection being made. Such inspection may not be required with
24 respect to any building for which a final certificate of occupancy has
25 been issued by the city or county within the preceding twenty-four
26 months; and any fee imposed for the making of such inspection may not
27 exceed the fee that would be imposed for the making of such an
28 inspection for a purpose other than complying with this subsection
29 (6)(a);

1 (b) Prior to the conveyance of any residential unit within a
2 conversion condominium, other than a conveyance to a declarant or
3 affiliate of a declarant: (i) All violations disclosed in the
4 inspection report provided for in (a) of this subsection, and not
5 otherwise waived by such city or county, shall be repaired, and (ii) a
6 certification shall be obtained from such city or county that such
7 repairs have been made, which certification shall be based on a
8 reinspection to be made within seven days of the declarant's written
9 request therefor and which certification shall be issued within seven
10 days of said reinspection being made;

11 (c) The repairs required to be made under (b) of this subsection
12 shall be warranted by the declarant against defects due to workmanship
13 or materials for a period of one year following the completion of such
14 repairs;

15 (d) Prior to the conveyance of any residential unit within a
16 conversion condominium, other than a conveyance to a declarant or
17 affiliate of a declarant: (i) The declarant shall establish and
18 maintain, during the one-year warranty period provided under (c) of
19 this subsection, an account containing a sum equal to ten percent of
20 the actual cost of making the repairs required under (b) of this
21 subsection; (ii) during the one-year warranty period, the funds in such
22 account shall be used exclusively for paying the actual cost of making
23 repairs required, or for otherwise satisfying claims made, under such
24 warranty; (iii) following the expiration of the one-year warranty
25 period, any funds remaining in such account shall be immediately
26 disbursed to the declarant; and (iv) the declarant shall notify in
27 writing the association and such city or county as to the location of
28 such account and any disbursements therefrom; and

29 (e) Relocation assistance not to exceed five hundred dollars per
30 unit shall be paid to tenants and subtenants who elect not to purchase

1 a unit and who are in lawful occupancy for residential purposes of a
2 unit and whose monthly household income from all sources, on the date
3 of the notice described in subsection (1) of this section, was less
4 than an amount equal to eighty percent of (i) the monthly median income
5 for comparably sized households in the standard metropolitan
6 statistical area, as defined and established by the United States
7 department of housing and urban development, in which the condominium
8 is located, or (ii) if the condominium is not within a standard
9 metropolitan statistical area, the monthly median income for comparably
10 sized households in the state of Washington, as defined and determined
11 by said department. The household size of a unit shall be based on the
12 number of persons actually in lawful occupancy of the unit. The tenant
13 or subtenant actually in lawful occupancy of the unit shall be entitled
14 to the relocation assistance. Relocation assistance shall be paid on
15 or before the date the tenant or subtenant vacates and shall be in
16 addition to any damage deposit or other compensation or refund to which
17 the tenant is otherwise entitled. Unpaid rent or other amounts owed by
18 the tenant or subtenant to the landlord may be offset against the
19 relocation assistance.

20 (7) Violations of any city or county ordinance adopted as
21 authorized by subsection (6) of this section shall give rise to such
22 remedies, penalties, and causes of action which may be lawfully imposed
23 by such city or county. Such violations shall not invalidate the
24 creation of the condominium or the conveyance of any interest therein.

25 **Sec. 26.** RCW 64.34.445 and 1989 c 43 s 4-112 are each amended to
26 read as follows:

27 (1) A declarant and any dealer warrants that a unit will be in at
28 least as good condition at the earlier of the time of the conveyance or

1 delivery of possession as it was at the time of contracting, reasonable
2 wear and tear and damage by casualty or condemnation excepted.

3 (2) A declarant and any dealer impliedly warrants that a unit and
4 the common elements in the condominium are suitable for the ordinary
5 uses of real estate of its type and that any improvements made or
6 contracted for by ~~((the person, or made by any person before the
7 creation of the condominium,))~~ such declarant or dealer will be:

8 (a) Free from defective materials; and

9 (b) Constructed in accordance with ~~((applicable law, according to))~~
10 sound engineering and construction standards, and in a workmanlike
11 manner in compliance with all laws then applicable to such
12 improvements.

13 (3) A declarant and any dealer warrants to a purchaser of a unit
14 that may be used for residential use that an existing use, continuation
15 of which is contemplated by the parties, does not violate applicable
16 law at the earlier of the time of conveyance or delivery of possession.

17 (4) Warranties imposed by this section may be excluded or modified
18 as specified in RCW 64.34.450.

19 (5) For purposes of this section, improvements made or contracted
20 for by an affiliate of a declarant, as defined in RCW 64.34.020(1), are
21 made or contracted for by the declarant.

22 (6) Any conveyance of a unit transfers to the purchaser all of the
23 declarant's implied warranties of quality.

24 **Sec. 27.** RCW 58.17.040 and 1989 c 43 s 4-123 are each amended to
25 read as follows:

26 The provisions of this chapter shall not apply to:

27 (1) Cemeteries and other burial plots while used for that purpose;

28 (2) Divisions of land into lots or tracts each of which is one-one
29 hundred twenty-eighth of a section of land or larger, or five acres or

1 larger if the land is not capable of description as a fraction of a
2 section of land, unless the governing authority of the city, town, or
3 county in which the land is situated shall have adopted a subdivision
4 ordinance requiring plat approval of such divisions: PROVIDED, That
5 for purposes of computing the size of any lot under this item which
6 borders on a street or road, the lot size shall be expanded to include
7 that area which would be bounded by the center line of the road or
8 street and the side lot lines of the lot running perpendicular to such
9 center line;

10 (3) Divisions made by testamentary provisions, or the laws of
11 descent;

12 (4) Divisions of land into lots or tracts classified for industrial
13 or commercial use when the city, town, or county has approved a binding
14 site plan for the use of the land in accordance with local regulations;

15 (5) A division for the purpose of lease when no residential
16 structure other than mobile homes or travel trailers are permitted to
17 be placed upon the land when the city, town, or county has approved a
18 binding site plan for the use of the land in accordance with local
19 regulations;

20 (6) A division made for the purpose of alteration by adjusting
21 boundary lines, between platted or unplatted lots or both, which does
22 not create any additional lot, tract, parcel, site, or division nor
23 create any lot, tract, parcel, site, or division which contains
24 insufficient area and dimension to meet minimum requirements for width
25 and area for a building site; and

26 (7) Divisions of land into lots or tracts if: (a) Such division is
27 the result of subjecting a portion of a parcel or tract of land to
28 either chapter 64.32 or 64.34 RCW subsequent to the recording of a
29 binding site plan for all such land; (b) the improvements constructed
30 or to be constructed thereon ((will)) are required by the provisions of

1 the binding site plan to be included in one or more condominiums or
2 owned by an association or other legal entity in which the owners of
3 units therein or their owners' associations have a membership or other
4 legal or beneficial interest; (~~(b)~~) (c) a city, town, or county has
5 approved ((a)) the binding site plan for all such land; (~~and (e)~~) (d)
6 such approved binding site plan is recorded in the county or counties
7 in which such land is located; and (e) the binding site plan contains
8 thereon the following statement: "All development and use of the land
9 described herein shall be in accordance with ((the)) this binding site
10 plan, as it may be amended with the approval of the city, town, or
11 county having jurisdiction over the development of such land, and in
12 accordance with such other governmental permits, approvals,
13 regulations, requirements, and restrictions that may be imposed upon
14 such land and the development and use thereof. Upon completion, the
15 improvements on the land shall be included in one or more condominiums
16 or owned by an association or other legal entity in which the owners of
17 units therein or their owners' associations have a membership or other
18 legal or beneficial interest.((~~h~~)) This binding site plan shall be
19 binding upon all now or hereafter having any interest in the land
20 described herein." The binding site plan may, but need not, depict or
21 describe the boundaries of the lots or tracts resulting from subjecting
22 a portion of the land to either chapter 64.32 or 64.34 RCW. A site
23 plan shall be deemed to have been approved if the site plan was
24 approved by a city, town, or county: (i) In connection with the final
25 approval of a subdivision plat or planned unit development with respect
26 to all of such land; or (ii) in connection with the issuance of
27 building permits or final certificates of occupancy with respect to all
28 of such land; or (iii) if not approved pursuant to (i) and (ii) of this
29 subsection (7)(e), then pursuant to such other procedures as such city,
30 town, or county may have established for the approval of a binding site

1 plan.((#))