

SENATE BILL REPORT

SB 5561

As of February 10, 2005

Title: An act relating to dispute resolution services for homeowners' associations.

Brief Description: Encouraging use of dispute resolution services for homeowners' associations.

Sponsors: Senators Pflug, Kline, Schmidt, Stevens, Benson, Sheldon and Rockefeller.

Brief History:

Committee Activity: Financial Institutions, Housing & Consumer Protection: 2/9/05.

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & CONSUMER PROTECTION

Staff: Jennifer Arnold (786-7471)

Background: The Homeowners' Association Act was created by the legislature in 1995. It governs the formation and legal administration of an association and includes laws addressing the association's powers, organizational structure, meeting and notice requirements, as well as financial record keeping requirements. In addition to the Act, the governing documents, (articles of incorporation, bylaws, declaration of covenants, and other related items over which the association has authority), mandate many of the association's powers.

Alternative dispute resolution is a means for conflicting parties to voluntarily resolve disagreements, outside of a court setting, through mediation services.

Summary of Bill: A new section is added to the Homeowners' Association Act, reaffirming that the association or an owner has the option of using alternative dispute resolution services to resolve any controversy related to the association and its members.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: This bill re-emphasizes to homeowners and associations that there is another pathway, aside from going to court, that provides a less expensive option to address their concerns. Further, having this language in statute may cause courts to suggest that it would be reasonable for parties to first attempt alternative dispute resolution before legal proceedings.

Testimony Against: None.

Who Testified: PRO: Senator Pflug, prime sponsor.