

SENATE BILL REPORT

SB 6201

As Reported By Senate Committee On:
Financial Institutions, Housing & Consumer Protection, January 25, 2006

Title: An act relating to the creation of a homeowners' association act committee.

Brief Description: Creating a homeowners' association act committee.

Sponsors: Senator Fairley.

Brief History:

Committee Activity: Financial Institutions, Housing & Consumer Protection: 1/19/06, 1/25/06 [DPS].

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & CONSUMER PROTECTION

Majority Report: That Substitute Senate Bill No. 6201 be substituted therefor, and the substitute bill do pass.

Signed by Senators Fairley, Chair; Berkey, Vice Chair; Benton, Ranking Minority Member; Benson, Brandland, Franklin, Keiser, Schmidt and Spanel.

Staff: Jennifer Arnold (786-7471)

Background: Homeowners' associations are a rapidly growing form of housing in Washington State. As such, it is believed that there is a growing need to have state laws to provide guidance and clarification in regards to the operations of homeowners' associations.

Currently, homeowners' associations are primarily controlled by their own governing documents, which includes, among other documents, an association's articles of incorporation, by-laws, and covenants, conditions, and restrictions. However, the Homeowners' Association Act and any applicable business entity statutes also apply to homeowners' associations.

It is believed that current law governing homeowners' associations needs to be reviewed to more adequately address the concerns of both homeowners' association boards and non-board members.

Summary of Substitute Bill: The Homeowners' Association Act committee is created for the purpose of reviewing existing statutes and current issues affecting homeowners' associations. In particular, the committee will review the process for amending association governing documents, alternative dispute resolution mechanisms, the budget ratification process, potential conflicts between existing statutes, and the process in which liens are placed on property for unpaid dues, among other concerns.

A report on the committee's recommendations must be developed and submitted to the Legislature by September 1, 2007

The committee will consist of ten members: one member from each of the Senate and House, two members who are homeowners' association members that are not serving on the board of a homeowners' association, homeowner association representatives, a residential development industry representative, and attorneys experienced in representing the interests of both homeowners' associations and homeowners. Only legislative members will be reimbursed for travel expenses.

The existing statutes relating specifically to homeowners' associations (RCW 64.68) are to be cited as the "homeowners' association act."

Substitute Bill Compared to Original Bill: The bill as referred to committee was not considered.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: Yes.

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

Testimony For: We need legislative leadership on this matter. There are currently innumerable concerns regarding homeowners' associations that need to be addressed by statute. It is believed that a task force on these issues could create very thorough laws resolving the concerns that exist today. These problems are in dire need of being addressed and although stakeholders may eventually get together, it will take considerably longer, perhaps years, for any final consensus to be reached without this legislation and, meanwhile, the constituents' problems go unresolved. The task force could be improved by adding homeowner representatives, who are non-board members.

Testimony Against: None.

Who Testified: PRO: Terrence Leahy, Community Associations Institute; Robert Johnson; Louis J. Martel, homeowner; John Garthwaite, homeowner; David Harrison, homeowner; Todd Hobert, Washington Homeowners Coalition.