

HOUSE BILL REPORT

HB 1370

As Reported by House Committee On:
Judiciary

Title: An act relating to the notice requirement for homeowners' associations meetings.

Brief Description: Concerning notice requirements for homeowners' associations meetings.

Sponsors: Representative Seaquist.

Brief History:

Committee Activity:

Judiciary: 1/30/13, 2/5/13 [DPS].

Brief Summary of Substitute Bill

- Allows notices regarding homeowners' association meetings to be provided via electronic transmission, if the homeowner provides a written consent to receive notices in this manner.
- Provides a mechanism for homeowners to revoke the consent for electronic notices, and specifies circumstances in which consent is deemed to be revoked.

HOUSE COMMITTEE ON JUDICIARY

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 13 members: Representatives Pedersen, Chair; Hansen, Vice Chair; Rodne, Ranking Minority Member; O'Ban, Assistant Ranking Minority Member; Goodman, Hope, Jinkins, Kirby, Klippert, Nealey, Orwall, Roberts and Shea.

Staff: Cece Clynch (786-7195).

Background:

A homeowners' association (association) is a legal entity with membership comprised of the owners of residential real property located within a development or other specified area. An association typically arises from restrictive covenants recorded by a developer against

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property in a subdivision. A board of directors, elected by the members, manages the association. In general, the purpose of an association is to manage and maintain a subdivision's common areas and structures, to review design, and to maintain architectural control.

Associations must hold annual meetings, and special meetings may be called. Advance notice of meetings must be provided to each owner. A notice may be sent by first-class mail or hand delivered to an owner's mailing address or other address designated in writing.

Summary of Substitute Bill:

Meeting notices may be sent by electronic transmission if a homeowner provides written consent to receive electronically transmitted notices. An owner may revoke such consent to receive notices electronically by delivering a written revocation to the association's secretary or other officer specified in the bylaws. Consent is deemed to have been revoked if the secretary or officer is unable to electronically transmit two consecutive notices to the homeowner.

Substitute Bill Compared to Original Bill:

Rather than an opt-out provision for receipt of notices by electronic mail (e-mail), provision is made for an opt-in process. A revocation procedure is added, allowing homeowners to revoke their consent to receive notice via e-mail and, under certain specified circumstances revocation can be deemed to have occurred.

A hyphen is added, changing the reference to "hand delivery" to "hand-delivery."

Appropriation: None.

Fiscal Note: Not requested.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) There are numerous homeowners' associations. Some are large, others are small. A large chunk of a homeowners' association budget can be spent on mailing notices. For instance, this bill would allow one association of about 100 homeowners to save as much as \$1,000 per year. The bill passed the House of Representatives last year but fell by the wayside in the Senate. The proposed substitute will provide for an opt-in process rather than an opt-out procedure. It also adds a hyphen to "hand-delivery" and provides for revocation of consent to electronic notice. The goal of the underlying bill, and the language of the proposed substitute, is supported. It is important that people make a conscious decision to

receive electronic notice. If not, the homeowner might list a seldom-used e-mail address and these notices may end up in an electronic mailbox that the homeowner rarely, if ever, checks. Homeowners need to know about these meetings. This bill could result in savings of \$1,200 to one association, which is the amount spent annually right now on copying and postage. If someone does not have an e-mail address or does not want to receive e-mail notice, hand-delivery or mailed notice will be required and there is no problem with that.

(Opposed) None.

Persons Testifying: Representative Seaquist, prime sponsor; Kathryn Hedrick, Washington State Community Associations Institute; and Bob Jones, Goldcrest Homeowners Association.

Persons Signed In To Testify But Not Testifying: None.