
SENATE BILL 5075

State of Washington

63rd Legislature

2013 Regular Session

By Senator Chase

Read first time 01/17/13. Referred to Committee on Financial Institutions, Housing & Insurance.

1 AN ACT Relating to assessment increases in homeowners'
2 associations; and amending RCW 64.38.025.

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

4 **Sec. 1.** RCW 64.38.025 and 2011 c 189 s 8 are each amended to read
5 as follows:

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

12 (2) The board of directors shall not act on behalf of the
13 association to amend the articles of incorporation, to take any action
14 that requires the vote or approval of the owners, to terminate the
15 association, to elect members of the board of directors, or to
16 determine the qualifications, powers, and duties, or terms of office of
17 members of the board of directors; but the board of directors may fill
18 vacancies in its membership of the unexpired portion of any term.

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

13 (4) As part of the summary of the budget provided to all owners,
14 the board of directors shall disclose to the owners:

15 (a) The current amount of regular assessments budgeted for
16 contribution to the reserve account, the recommended contribution rate
17 from the reserve study, and the funding plan upon which the recommended
18 contribution rate is based;

19 (b) If additional regular or special assessments are scheduled to
20 be imposed, the date the assessments are due, the amount of the
21 assessments per each owner per month or year, and the purpose of the
22 assessments;

23 (c) Based upon the most recent reserve study and other information,
24 whether currently projected reserve account balances will be sufficient
25 at the end of each year to meet the association's obligation for major
26 maintenance, repair, or replacement of reserve components during the
27 next thirty years;

28 (d) If reserve account balances are not projected to be sufficient,
29 what additional assessments may be necessary to ensure that sufficient
30 reserve account funds will be available each year during the next
31 thirty years, the approximate dates assessments may be due, and the
32 amount of the assessments per owner per month or year;

33 (e) The estimated amount recommended in the reserve account at the
34 end of the current fiscal year based on the most recent reserve study,
35 the projected reserve account cash balance at the end of the current
36 fiscal year, and the percent funded at the date of the latest reserve
37 study;

1 (f) The estimated amount recommended in the reserve account based
2 upon the most recent reserve study at the end of each of the next five
3 budget years, the projected reserve account cash balance in each of
4 those years, and the projected percent funded for each of those years;
5 and

6 (g) If the funding plan approved by the association is implemented,
7 the projected reserve account cash balance in each of the next five
8 budget years and the percent funded for each of those years.

9 (5) If the board of directors meets the requirements of subsections
10 (3) and (4) of this section, the board may raise regular assessments up
11 to twenty percent per year or impose a special assessment of up to five
12 percent of the budgeted gross fiscal year without a vote of the
13 association, or do both.

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

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