

SENATE BILL REPORT

SB 5134

As of January 19, 2017

Title: An act relating to providing notice before certain enforcement actions taken by a homeowners' or condominium association.

Brief Description: Modifying notice and opportunity provisions relating to certain enforcement actions taken by a homeowners' or condominium association.

Sponsors: Senators Hasegawa and Keiser.

Brief History:

Committee Activity: Financial Institutions & Insurance: 1/26/17.

Brief Summary of Bill

- Requires 45 days notice and a fair and impartial opportunity to be heard by the board of directors before the association may impose and collect charges for late payments of assessments.
- Harmonizes the provisions for homeowner's associations and condominium unit owner's associations.

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Staff: Aldo Melchiori (786-7439)

Background: A homeowners' association is a corporation, unincorporated association, or other legal entity where each member is an owner of residential real property located within the association's jurisdiction. Described in the governing documents, by virtue of membership or ownership of property, each member is obligated to pay real property taxes, insurance premiums, maintenance costs, or for improvement of real property in common areas. Similarly, for condominiums, a unit owner's association performs many of the same functions and has many of the same duties.

Both types of associations may impose and collect charges for late payments of assessments after notice and an opportunity to be heard by the board of directors. Procedures maybe provided in the bylaws or rules and regulations adopted by the board of directors. They may also levy reasonable fines in accordance with an established schedule adopted by the board of

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

directors and furnished to the owners. Currently, neither the homeowner's association statutes nor the Condominium Act specify how much notice must be given in these circumstances.

The powers of each of these associations are provided for in statute and in their respective governing documents. Those powers are most often exercised by boards of directors who must exercise care and loyalty in the performance of those duties.

Summary of Bill: Before a homeowner's association or unit owner's association may impose and collect charges for late payments of assessments, the owner must be give 45 days notice and an opportunity to be heard by the board of directors or their designee. It is also clarified that the opportunity to be heard must be fair and impartial.

Appropriation: None.

Fiscal Note: Not requested.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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

Staff Summary of Public Testimony: PRO: There is a lack of protection for homeowners from actions to collect large fines with no notice. This can cause financial distress for homeowners who may ultimately lose their homes. This is a simple bill that helps people get adequate notice.

CON: The time frame is too long when there may be a safety or government regulations violation. Many associations have time frames and due process provisions in their governing documents.

Persons Testifying: PRO: Senator Bob Hasegawa, Prime Sponsor.

CON: Krystelle Purkey, Washington State Community Association Institute.

Persons Signed In To Testify But Not Testifying: No one.