

# SENATE BILL REPORT

## EHB 1482

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As of March 22, 2021

**Title:** An act relating to foreclosure protections for homeowners in common interest communities.

**Brief Description:** Addressing foreclosure protections for homeowners in common interest communities.

**Sponsors:** Representatives Walsh, Orwall, Lekanoff, Leavitt, Sutherland, Jacobsen, Dufault and Pollet.

**Brief History:** Passed House: 3/8/21, 97-0.

**Committee Activity:** Law & Justice: 3/23/21.

### Brief Summary of Bill

- Establishes requirements before a homeowner's association can foreclose against an owner's property in a common interest community.

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### SENATE COMMITTEE ON LAW & JUSTICE

**Staff:** Shani Bauer (786-7468)

**Background:** The Washington Uniform Common Interest Ownership Act (WUCIOA) took effect July 1, 2018, and is applicable to residential common interest communities (CIC) created after that date. A CIC includes condominiums, cooperatives, leasehold CICs, miscellaneous communities, and plat communities. A CIC created prior to the effective date of WUCIOA may choose to opt-in to WUCIOA.

WUCIOA contains numerous provisions regarding the management of a CIC. As part of its duties, an association must adopt budgets and impose assessments for common expenses, which usually include the association's expenditures for administration, maintenance, repair,

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and replacement of the common elements of a CIC, as well as any allocations to reserves. An association may also impose and collect reasonable fines for violations, in accordance with a schedule of previously adopted fines.

When a unit owner does not pay assessments as required, an association may collect reasonable charges for late payments and establish a rate of interest to be charged on all subsequent delinquent assessments. An association is entitled to recover any costs and reasonable attorneys' fees incurred in connection with the collection of delinquent assessments.

Under WUCIOA, an association has a statutory lien on each unit for any unpaid assessment against the unit from the time the assessment is due. With some exceptions, the association's lien takes priority over all other liens and encumbrances. To collect unpaid assessments, an association may bring an action to collect unpaid assessments or foreclose its lien on the unit.

An association may not commence an action to foreclose a lien for past-due assessments unless the unit owner, at the time the action is commenced, owes a sum equal to at least three months of common expense assessments and the board approves commencement of a foreclosure action specifically against that unit.

**Summary of Bill:** An association may not commence a foreclosure action against a unit owner in a common interest community unless:

- the owner owes the greater of at least three months or more of assessments or \$200, not including fines, late charges, interest, attorney fees, or other costs;
- when the overdue assessments are at least 90 days overdue, the association must mail a notice of delinquency to the owner by first class mail;
  1. The form of notice is specified in the statute and must include contact information for housing and legal assistance.
  2. The association must obtain toll-free numbers and website information from the Department of Commerce for inclusion in the notice; and
- at least 180 days have elapsed from the date the minimum amount required above has accrued.
  1. After January 1, 2024, 90 days, instead of 180 days, must have elapsed from the date the minimum amount has accrued.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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

**Effective Date:** The bill contains an emergency clause and takes effect immediately.