
HOUSE BILL 1569

State of Washington

68th Legislature

2023 Regular Session

By Representatives Leavitt and McEntire

Read first time 01/25/23. Referred to Committee on Housing.

1 AN ACT Relating to protecting unit owners in common interest
2 communities; amending RCW 64.90.080, 64.90.495, 64.32.170, 64.34.372,
3 64.38.045, 64.90.405, 64.32.090, 64.34.304, and 64.38.020; adding a
4 new section to chapter 64.90 RCW; adding a new section to chapter
5 64.38 RCW; adding a new section to chapter 64.32 RCW; adding a new
6 section to chapter 64.34 RCW; and creating a new section.

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

8 NEW SECTION. **Sec. 1.** A new section is added to chapter 64.90
9 RCW to read as follows:

10 (1) The legislature finds that the practices covered by this
11 chapter are matters vitally affecting the public interest for the
12 purpose of applying the consumer protection act, chapter 19.86 RCW.

13 (2) A violation of this chapter by a declarant, a unit owners
14 association, a managing agent of a unit owners association, or other
15 agent of a unit owners association is not reasonable in relation to
16 the development and preservation of business and is an unfair or
17 deceptive act in trade or commerce and an unfair method of
18 competition for purposes of applying the consumer protection act,
19 chapter 19.86 RCW.

20 (3) The remedies provided in chapter 19.86 RCW are in addition to
21 any other remedies provided by law.

1 NEW SECTION. **Sec. 2.** A new section is added to chapter 64.38
2 RCW to read as follows:

3 (1) The legislature finds that the practices covered by this
4 chapter are matters vitally affecting the public interest for the
5 purpose of applying the consumer protection act, chapter 19.86 RCW.

6 (2) A violation of this chapter by a homeowners' association or
7 an agent of a homeowners' association is not reasonable in relation
8 to the development and preservation of business and is an unfair or
9 deceptive act in trade or commerce and an unfair method of
10 competition for purposes of applying the consumer protection act,
11 chapter 19.86 RCW.

12 (3) The remedies provided in chapter 19.86 RCW are in addition to
13 any other remedies provided by law.

14 NEW SECTION. **Sec. 3.** A new section is added to chapter 64.32
15 RCW to read as follows:

16 (1) The legislature finds that the practices covered by this
17 chapter are matters vitally affecting the public interest for the
18 purpose of applying the consumer protection act, chapter 19.86 RCW.

19 (2) A violation of this chapter by an association of apartment
20 owners or an agent of an association of apartment owners is not
21 reasonable in relation to the development and preservation of
22 business and is an unfair or deceptive act in trade or commerce and
23 an unfair method of competition for purposes of applying the consumer
24 protection act, chapter 19.86 RCW.

25 (3) The remedies provided in chapter 19.86 RCW are in addition to
26 any other remedies provided by law.

27 NEW SECTION. **Sec. 4.** A new section is added to chapter 64.34
28 RCW to read as follows:

29 (1) The legislature finds that the practices covered by this
30 chapter are matters vitally affecting the public interest for the
31 purpose of applying the consumer protection act, chapter 19.86 RCW.

32 (2) A violation of this chapter by a declarant, a master
33 association, a unit owners' association, or an agent of a unit
34 owners' association is not reasonable in relation to the development
35 and preservation of business and is an unfair or deceptive act in
36 trade or commerce and an unfair method of competition for purposes of
37 applying the consumer protection act, chapter 19.86 RCW.

1 (3) The remedies provided in chapter 19.86 RCW are in addition to
2 any other remedies provided by law.

3 **Sec. 5.** RCW 64.90.080 and 2019 c 238 s 204 are each amended to
4 read as follows:

5 (1) Except for a nonresidential common interest community
6 described in RCW 64.90.100, RCW 64.90.095, 64.90.405(1) (b) and (c),
7 64.90.495, 64.90.525, and 64.90.545 apply, and any inconsistent
8 provisions of chapter 58.19, 64.32, 64.34, or 64.38 RCW do not apply,
9 to a common interest community created in this state before July 1,
10 2018.

11 (2) Except to the extent provided in this subsection, the
12 sections listed in subsection (1) of this section apply only to
13 events and circumstances occurring on or after July 1, 2018, and do
14 not invalidate existing provisions of the governing documents of
15 those common interest communities. To protect the public interest,
16 RCW 64.90.095 and 64.90.525 supersede existing provisions of the
17 governing documents of all plat communities and miscellaneous
18 communities previously subject to chapter 64.38 RCW.

19 **Sec. 6.** RCW 64.90.495 and 2018 c 277 s 320 are each amended to
20 read as follows:

21 (1) This section applies to an association subject to this
22 chapter or chapter 64.32, 64.34, or 64.38 RCW, except that subsection
23 (2)(h) of this section only applies to associations subject to this
24 chapter.

25 (2) An association must retain the following:

26 (a) The current budget, detailed records of receipts and
27 expenditures affecting the operation and administration of the
28 association, and other appropriate accounting records within the last
29 seven years;

30 (b) Minutes of all meetings of its unit owners and board other
31 than executive sessions, a record of all actions taken by the unit
32 owners or board without a meeting, and a record of all actions taken
33 by a committee in place of the board on behalf of the association;

34 (c) The names of current unit owners, addresses used by the
35 association to communicate with them, and the number of votes
36 allocated to each unit;

1 (d) Its original or restated declaration, organizational
2 documents, all amendments to the declaration and organizational
3 documents, and all rules currently in effect;

4 (e) All financial statements and tax returns of the association
5 for the past seven years;

6 (f) A list of the names and addresses of its current board
7 members and officers;

8 (g) Its most recent annual report delivered to the secretary of
9 state, if any;

10 (h) Financial and other records sufficiently detailed to enable
11 the association to comply with RCW 64.90.640;

12 (i) Copies of contracts to which it is or was a party within the
13 last seven years;

14 (j) Materials relied upon by the board or any committee to
15 approve or deny any requests for design or architectural approval for
16 a period of seven years after the decision is made;

17 (k) Materials relied upon by the board or any committee
18 concerning a decision to enforce the governing documents for a period
19 of seven years after the decision is made;

20 (l) Copies of insurance policies under which the association is a
21 named insured;

22 (m) Any current warranties provided to the association;

23 (n) Copies of all notices provided to unit owners or the
24 association in accordance with this chapter or the governing
25 documents; and

26 (o) Ballots, proxies, absentee ballots, and other records related
27 to voting by unit owners for one year after the election, action, or
28 vote to which they relate.

29 ~~((2))~~ (3) Subject to subsections ~~((3))~~ (4) and ~~((4))~~ (5) of
30 this section, all records required to be retained by an association
31 must be made available for examination and copying by all unit
32 owners, holders of mortgages on the units, and their respective
33 authorized agents as follows, unless agreed otherwise:

34 (a) During reasonable business hours or at a mutually convenient
35 time and location; and

36 (b) At the offices of the association or its managing agent.

37 ~~((3))~~ (4) Records retained by an association may be withheld
38 from inspection and copying to the extent that they concern:

39 (a) Personnel and medical records relating to specific
40 individuals;

1 (b) Contracts, leases, and other commercial transactions to
2 purchase or provide goods or services currently being negotiated;

3 (c) Existing or potential litigation or mediation, arbitration,
4 or administrative proceedings;

5 (d) Existing or potential matters involving federal, state, or
6 local administrative or other formal proceedings before a
7 governmental tribunal for enforcement of the governing documents;

8 (e) Legal advice or communications that are otherwise protected
9 by the attorney-client privilege or the attorney work product
10 doctrine, including communications with the managing agent or other
11 agent of the association;

12 (f) Information the disclosure of which would violate a court
13 order or law;

14 (g) Records of an executive session of the board;

15 (h) Individual unit files other than those of the requesting unit
16 owner;

17 (i) Unlisted telephone number or electronic address of any unit
18 owner or resident;

19 (j) Security access information provided to the association for
20 emergency purposes; or

21 (k) Agreements that for good cause prohibit disclosure to the
22 members.

23 ~~((4))~~ (5) An association may charge a reasonable fee for
24 producing and providing copies of any records under this section and
25 for supervising the unit owner's inspection.

26 ~~((5))~~ (6) A right to copy records under this section includes
27 the right to receive copies by photocopying or other means, including
28 through an electronic transmission if available upon request by the
29 unit owner.

30 ~~((6))~~ (7) An association is not obligated to compile or
31 synthesize information.

32 ~~((7))~~ (8) Information provided pursuant to this section may not
33 be used for commercial purposes.

34 ~~((8))~~ (9) An association's managing agent must deliver all of
35 the association's original books and records to the association
36 immediately upon termination of its management relationship with the
37 association, or upon such other demand as is made by the board. An
38 association managing agent may keep copies of the association records
39 at its own expense.

1 **Sec. 7.** RCW 64.32.170 and 1965 ex.s. c 11 s 5 are each amended
2 to read as follows:

3 (1) In addition to the requirements in subsection (2) of this
4 section, an association must comply with the association records
5 requirements in RCW 64.90.495, excluding RCW 64.90.495(2)(h)
6 regarding records related to certain unit resale requirements that
7 are applicable only to units subject to chapter 64.90 RCW. Any
8 provisions in this chapter that are inconsistent with RCW 64.90.495,
9 excluding RCW 64.90.495(2)(h), do not apply.

10 (2) The manager or board of directors, as the case may be, shall
11 keep complete and accurate books and records of the receipts and
12 expenditures affecting the common areas and facilities, specifying
13 and itemizing the maintenance and repair expenses of the common areas
14 and facilities and any other expenses incurred. Such books and
15 records and the vouchers authorizing payments shall be available for
16 examination by the apartment owners, their agents or attorneys, at
17 any reasonable time or times. All books and records shall be kept in
18 accordance with good accounting procedures and be audited at least
19 once a year by an auditor outside of the organization.

20 **Sec. 8.** RCW 64.34.372 and 1992 c 220 s 19 are each amended to
21 read as follows:

22 (1) In addition to the requirements in subsections (2) and (3) of
23 this section, an association must comply with the association records
24 requirements in RCW 64.90.495, excluding RCW 64.90.495(2)(h)
25 regarding records related to certain unit resale requirements that
26 are applicable only to units subject to chapter 64.90 RCW. Any
27 provisions in this chapter that are inconsistent with RCW 64.90.495,
28 excluding RCW 64.90.495(2)(h), do not apply.

29 (2) The association shall keep financial records sufficiently
30 detailed to enable the association to comply with RCW 64.34.425. All
31 financial and other records of the association, including but not
32 limited to checks, bank records, and invoices, are the property of
33 the association, but shall be made reasonably available for
34 examination and copying by the manager of the association, any unit
35 owner, or the owner's authorized agents. At least annually, the
36 association shall prepare, or cause to be prepared, a financial
37 statement of the association in accordance with generally accepted
38 accounting principles. The financial statements of condominiums
39 consisting of fifty or more units shall be audited at least annually

1 by a certified public accountant. In the case of a condominium
2 consisting of fewer than (~~(fifty)~~) 50 units, an annual audit is also
3 required but may be waived annually by unit owners other than the
4 declarant of units to which (~~(sixty)~~) 60 percent of the votes are
5 allocated, excluding the votes allocated to units owned by the
6 declarant.

7 (~~((2))~~) (3) The funds of an association shall be kept in accounts
8 in the name of the association and shall not be commingled with the
9 funds of any other association, nor with the funds of any manager of
10 the association or any other person responsible for the custody of
11 such funds. Any reserve funds of an association shall be kept in a
12 segregated account and any transaction affecting such funds,
13 including the issuance of checks, shall require the signature of at
14 least two persons who are officers or directors of the association.

15 **Sec. 9.** RCW 64.38.045 and 1995 c 283 s 9 are each amended to
16 read as follows:

17 (1) In addition to the requirements in subsections (2) through
18 (5) of this section, an association must comply with the association
19 records requirements in RCW 64.90.495, excluding RCW 64.90.495(2)(h)
20 regarding records related to certain unit resale requirements that
21 are applicable only to units subject to chapter 64.90 RCW. Any
22 provisions in this chapter that are inconsistent with RCW 64.90.495,
23 excluding RCW 64.90.495(2)(h), do not apply.

24 (2) The association or its managing agent shall keep financial
25 and other records sufficiently detailed to enable the association to
26 fully declare to each owner the true statement of its financial
27 status. All financial and other records of the association, including
28 but not limited to checks, bank records, and invoices, in whatever
29 form they are kept, are the property of the association. Each
30 association managing agent shall turn over all original books and
31 records to the association immediately upon termination of the
32 management relationship with the association, or upon such other
33 demand as is made by the board of directors. An association managing
34 agent is entitled to keep copies of association records. All records
35 which the managing agent has turned over to the association shall be
36 made reasonably available for the examination and copying by the
37 managing agent.

38 (~~((2))~~) (3) All records of the association, including the names
39 and addresses of owners and other occupants of the lots, shall be

1 available for examination by all owners, holders of mortgages on the
2 lots, and their respective authorized agents on reasonable advance
3 notice during normal working hours at the offices of the association
4 or its managing agent. The association shall not release the unlisted
5 telephone number of any owner. The association may impose and collect
6 a reasonable charge for copies and any reasonable costs incurred by
7 the association in providing access to records.

8 ~~((3))~~ (4) At least annually, the association shall prepare, or
9 cause to be prepared, a financial statement of the association. The
10 financial statements of associations with annual assessments of
11 ~~((fifty thousand dollars))~~ \$50,000 or more shall be audited at least
12 annually by an independent certified public accountant, but the audit
13 may be waived if ~~((sixty-seven))~~ 67 percent of the votes cast by
14 owners, in person or by proxy, at a meeting of the association at
15 which a quorum is present, vote each year to waive the audit.

16 ~~((4))~~ (5) The funds of the association shall be kept in
17 accounts in the name of the association and shall not be commingled
18 with the funds of any other association, nor with the funds of any
19 manager of the association or any other person responsible for the
20 custody of such funds.

21 **Sec. 10.** RCW 64.90.405 and 2019 c 238 s 209 are each amended to
22 read as follows:

23 (1) An association must:

24 (a) Adopt organizational documents;

25 (b) Adopt budgets as provided in RCW 64.90.525;

26 (c) Impose assessments for common expenses and specially
27 allocated expenses on the unit owners as provided in RCW 64.90.080(1)
28 and 64.90.525;

29 (d) Prepare financial statements as provided in RCW 64.90.530;
30 and

31 (e) Deposit and maintain the funds of the association in accounts
32 as provided in RCW 64.90.530.

33 (2) Except as provided otherwise in subsection (4) of this
34 section and subject to the provisions of the declaration, the
35 association may:

36 (a) Amend organizational documents and adopt and amend rules;

37 (b) Amend budgets under RCW 64.90.525;

38 (c) Hire and discharge managing agents and other employees,
39 agents, and independent contractors. If an association hires a

1 managing agent, the association must make unit owners third-party
2 beneficiaries of any contract with the managing agent;

3 (d) Institute, defend, or intervene in litigation or in
4 arbitration, mediation, or administrative proceedings or any other
5 legal proceeding in its own name on behalf of itself or two or more
6 unit owners on matters affecting the common interest community;

7 (e) Make contracts and incur liabilities subject to subsection
8 (4) of this section;

9 (f) Regulate the use, maintenance, repair, replacement, and
10 modification of common elements;

11 (g) Cause additional improvements to be made as a part of the
12 common elements;

13 (h) Acquire, hold, encumber, and convey in its own name any
14 right, title, or interest to real estate or personal property, but:

15 (i) Common elements in a condominium, plat community, or
16 miscellaneous community may be conveyed or subjected to a security
17 interest pursuant to RCW 64.90.465 only; and

18 (ii) Part of a cooperative may be conveyed, or all or part of a
19 cooperative may be subjected to a security interest pursuant to RCW
20 64.90.465 only;

21 (i) Grant easements, leases, licenses, and concessions through or
22 over the common elements and petition for or consent to the vacation
23 of streets and alleys;

24 (j) Impose and collect any reasonable payments, fees, or charges
25 for:

26 (i) The use, rental, or operation of the common elements, other
27 than limited common elements described in RCW 64.90.210 (1)(b) and
28 (3);

29 (ii) Services provided to unit owners; and

30 (iii) Moving in, moving out, or transferring title to units to
31 the extent provided for in the declaration;

32 (k) Collect assessments and impose and collect reasonable charges
33 for late payment of assessments;

34 (l) Enforce the governing documents and, after notice and
35 opportunity to be heard, impose and collect reasonable fines for
36 violations of the governing documents in accordance with a previously
37 established schedule of fines adopted by the board of directors and
38 furnished to the owners;

39 (m) Impose and collect reasonable charges for the preparation and
40 recordation of amendments to the declaration, resale certificates

1 required under RCW 64.90.640, lender questionnaires, or statements of
2 unpaid assessments;

3 (n) Provide for the indemnification of its officers and board
4 members, to the extent provided in RCW 23B.17.030;

5 (o) Maintain directors' and officers' liability insurance;

6 (p) Subject to subsection (4) of this section, assign its right
7 to future income, including the right to receive assessments;

8 (q) Join in a petition for the establishment of a parking and
9 business improvement area, participate in the ratepayers' board or
10 other advisory body set up by the legislative authority for operation
11 of a parking and business improvement area, and pay special
12 assessments levied by the legislative authority on a parking and
13 business improvement area encompassing the condominium property for
14 activities and projects that benefit the condominium directly or
15 indirectly;

16 (r) Establish and administer a reserve account as described in
17 RCW 64.90.535;

18 (s) Prepare a reserve study as described in RCW 64.90.545;

19 (t) Exercise any other powers conferred by the declaration or
20 organizational documents;

21 (u) Exercise all other powers that may be exercised in this state
22 by the same type of entity as the association;

23 (v) Exercise any other powers necessary and proper for the
24 governance and operation of the association;

25 (w) Require that disputes between the association and unit owners
26 or between two or more unit owners regarding the common interest
27 community, other than those governed by chapter 64.50 RCW, be
28 submitted to nonbinding alternative dispute resolution as a
29 prerequisite to commencement of a judicial proceeding; and

30 (x) Suspend any right or privilege of a unit owner who fails to
31 pay an assessment, but may not:

32 (i) Deny a unit owner or other occupant access to the owner's
33 unit;

34 (ii) Suspend a unit owner's right to vote; or

35 (iii) Withhold services provided to a unit or a unit owner by the
36 association if the effect of withholding the service would be to
37 endanger the health, safety, or property of any person.

38 (3) The declaration may not limit the power of the association
39 beyond the limit authorized in subsection (2) (w) of this section to:

1 (a) Deal with the declarant if the limit is more restrictive than
2 the limit imposed on the power of the association to deal with other
3 persons; or

4 (b) Institute litigation or an arbitration, mediation, or
5 administrative proceeding against any person, subject to the
6 following:

7 (i) The association must comply with chapter 64.50 RCW, if
8 applicable, before instituting any proceeding described in chapter
9 64.50 RCW in connection with construction defects; and

10 (ii) The board must promptly provide notice to the unit owners of
11 any legal proceeding in which the association is a party other than
12 proceedings involving enforcement of rules or to recover unpaid
13 assessments or other sums due the association.

14 (4) Any borrowing by an association that is to be secured by an
15 assignment of the association's right to receive future income
16 pursuant to subsection (2)(e) and (p) of this section requires
17 ratification by the unit owners as provided in this subsection.

18 (a) The board must provide notice of the intent to borrow to all
19 unit owners. The notice must include the purpose and maximum amount
20 of the loan, the estimated amount and term of any assessments
21 required to repay the loan, a reasonably detailed projection of how
22 the money will be expended, and the interest rate and term of the
23 loan.

24 (b) In the notice, the board must set a date for a meeting of the
25 unit owners, which must not be less than fourteen and no more than
26 (~~fifty~~) 50 days after mailing of the notice, to consider
27 ratification of the borrowing.

28 (c) Unless at that meeting, whether or not a quorum is present,
29 unit owners holding a majority of the votes in the association or any
30 larger percentage specified in the declaration reject the proposal to
31 borrow funds, the association may proceed to borrow the funds in
32 substantial accordance with the terms contained in the notice.

33 (5) If a tenant of a unit owner violates the governing documents,
34 in addition to exercising any of its powers against the unit owner,
35 the association may:

36 (a) Exercise directly against the tenant the powers described in
37 subsection (2)(1) of this section;

38 (b) After giving notice to the tenant and the unit owner and an
39 opportunity to be heard, levy reasonable fines against the tenant and
40 unit owner for the violation; and

1 (c) Enforce any other rights against the tenant for the violation
2 that the unit owner as the landlord could lawfully have exercised
3 under the lease or that the association could lawfully have exercised
4 directly against the unit owner, or both; but the association does
5 not have the right to terminate a lease or evict a tenant unless
6 permitted by the declaration. The rights referred to in this
7 subsection (5)(c) may be exercised only if the tenant or unit owner
8 fails to cure the violation within (~~ten~~) 10 days after the
9 association notifies the tenant and unit owner of that violation.

10 (6) Unless a lease otherwise provides, this section does not:

11 (a) Affect rights that the unit owner has to enforce the lease or
12 that the association has under other law; or

13 (b) Permit the association to enforce a lease to which it is not
14 a party in the absence of a violation of the governing documents.

15 (7) The board may determine whether to take enforcement action by
16 exercising the association's power to impose sanctions or commencing
17 an action for a violation of the governing documents, including
18 whether to compromise any claim for unpaid assessments or other claim
19 made by or against it.

20 (8) The board does not have a duty to take enforcement action if
21 it determines that, under the facts and circumstances presented:

22 (a) The association's legal position does not justify taking any
23 or further enforcement action;

24 (b) The covenant, restriction, or rule being enforced is, or is
25 likely to be construed as, inconsistent with law;

26 (c) Although a violation may exist or may have occurred, it is
27 not so material as to be objectionable to a reasonable person or to
28 justify expending the association's resources; or

29 (d) It is not in the association's best interests to pursue an
30 enforcement action.

31 (9) The board's decision under subsections (7) and (8) of this
32 section to not pursue enforcement under one set of circumstances does
33 not prevent the board from taking enforcement action under another
34 set of circumstances, but the board may not be arbitrary or
35 capricious in taking enforcement action.

36 **Sec. 11.** RCW 64.32.090 and 1963 c 156 s 9 are each amended to
37 read as follows:

38 The declaration shall contain the following:

- 1 (1) A description of the land on which the building and
2 improvement are or are to be located;
- 3 (2) A description of the building, stating the number of stories
4 and basements, the number of apartments and the principal materials
5 of which it is or is to be constructed;
- 6 (3) The apartment number of each apartment, and a statement of
7 its location, approximate area, number of rooms, and immediate common
8 area to which it has access, and any other data necessary for its
9 proper identification;
- 10 (4) A description of the common areas and facilities;
- 11 (5) A description of the limited common areas and facilities, if
12 any, stating to which apartments their use is reserved;
- 13 (6) The value of the property and of each apartment, and the
14 percentage of undivided interest in the common areas and facilities
15 appertaining to each apartment and its owner for all purposes,
16 including voting;
- 17 (7) A statement of the purposes for which the building and each
18 of the apartments are intended and restricted as to use;
- 19 (8) The name of a person to receive service of process in the
20 cases provided for in this chapter, together with a residence or
21 place of business of such person which shall be within the county in
22 which the building is located;
- 23 (9) A provision as to the percentage of votes by the apartment
24 owners which shall be determinative of whether to rebuild, repair,
25 restore, or sell the property in event of damage or destruction of
26 all or part of the property;
- 27 (10) A provision authorizing and establishing procedures for the
28 subdividing and/or combining of any apartment or apartments, common
29 areas and facilities or limited common areas and facilities, which
30 procedures may provide for the accomplishment thereof through means
31 of a metes and bounds description;
- 32 (11) A provision requiring the adoption of bylaws for the
33 administration of the property or for other purposes not inconsistent
34 with this chapter, which may include whether administration of the
35 property shall be by a board of directors elected from among the
36 apartment owners, by a manager, or managing agent, or otherwise, and
37 the procedures for the adoption thereof and amendments thereto. If an
38 association hires a managing agent, the association must make
39 apartment owners third-party beneficiaries of any contract with the
40 managing agent;

1 (12) Any further details in connection with the property which
2 the person executing the declaration may deem desirable to set forth
3 consistent with this chapter; and

4 (13) The method by which the declaration may be amended,
5 consistent with this chapter: PROVIDED, That not less than (~~sixty~~)
6 60 percent of the apartment owners shall consent to any amendment
7 except that any amendment altering the value of the property and of
8 each apartment and the percentage of undivided interest in the common
9 areas and facilities shall require the unanimous consent of the
10 apartment owners.

11 **Sec. 12.** RCW 64.34.304 and 2008 c 115 s 9 are each amended to
12 read as follows:

13 (1) Except as provided in subsection (2) of this section, and
14 subject to the provisions of the declaration, the association may:

15 (a) Adopt and amend bylaws, rules, and regulations;

16 (b) Adopt and amend budgets for revenues, expenditures, and
17 reserves, and impose and collect assessments for common expenses from
18 unit owners;

19 (c) Hire and discharge or contract with managing agents and other
20 employees, agents, and independent contractors. If an association
21 hires a managing agent, the association must make unit owners third-
22 party beneficiaries of any contract with the managing agent;

23 (d) Institute, defend, or intervene in litigation or
24 administrative proceedings in its own name on behalf of itself or two
25 or more unit owners on matters affecting the condominium;

26 (e) Make contracts and incur liabilities;

27 (f) Regulate the use, maintenance, repair, replacement, and
28 modification of common elements;

29 (g) Cause additional improvements to be made as a part of the
30 common elements;

31 (h) Acquire, hold, encumber, and convey in its own name any
32 right, title, or interest to real or personal property, but common
33 elements may be conveyed or subjected to a security interest only
34 pursuant to RCW 64.34.348;

35 (i) Grant easements, leases, licenses, and concessions through or
36 over the common elements and petition for or consent to the vacation
37 of streets and alleys;

38 (j) Impose and collect any payments, fees, or charges for the
39 use, rental, or operation of the common elements, other than limited

1 common elements described in RCW 64.34.204 (2) and (4), and for
2 services provided to unit owners;

3 (k) Impose and collect charges for late payment of assessments
4 pursuant to RCW 64.34.364(13) and, after notice and an opportunity to
5 be heard by the board of directors or by such representative
6 designated by the board of directors and in accordance with such
7 procedures as provided in the declaration or bylaws or rules and
8 regulations adopted by the board of directors, levy reasonable fines
9 in accordance with a previously established schedule thereof adopted
10 by the board of directors and furnished to the owners for violations
11 of the declaration, bylaws, and rules and regulations of the
12 association;

13 (l) Impose and collect reasonable charges for the preparation and
14 recording of amendments to the declaration, resale certificates
15 required by RCW 64.34.425, and statements of unpaid assessments;

16 (m) Provide for the indemnification of its officers and board of
17 directors and maintain directors' and officers' liability insurance;

18 (n) Assign its right to future income, including the right to
19 receive common expense assessments, but only to the extent the
20 declaration provides;

21 (o) Join in a petition for the establishment of a parking and
22 business improvement area, participate in the ratepayers' board or
23 other advisory body set up by the legislative authority for operation
24 of a parking and business improvement area, and pay special
25 assessments levied by the legislative authority on a parking and
26 business improvement area encompassing the condominium property for
27 activities and projects which benefit the condominium directly or
28 indirectly;

29 (p) Establish and administer a reserve account as described in
30 RCW 64.34.380;

31 (q) Prepare a reserve study as described in RCW 64.34.380;

32 (r) Exercise any other powers conferred by the declaration or
33 bylaws;

34 (s) Exercise all other powers that may be exercised in this state
35 by the same type of corporation as the association; and

36 (t) Exercise any other powers necessary and proper for the
37 governance and operation of the association.

38 (2) The declaration may not impose limitations on the power of
39 the association to deal with the declarant which are more restrictive

1 than the limitations imposed on the power of the association to deal
2 with other persons.

3 **Sec. 13.** RCW 64.38.020 and 1995 c 283 s 4 are each amended to
4 read as follows:

5 Unless otherwise provided in the governing documents, an
6 association may:

7 (1) Adopt and amend bylaws, rules, and regulations;

8 (2) Adopt and amend budgets for revenues, expenditures, and
9 reserves, and impose and collect assessments for common expenses from
10 owners;

11 (3) Hire and discharge or contract with managing agents and other
12 employees, agents, and independent contractors. If an association
13 hires a managing agent, the association must make lot owners third-
14 party beneficiaries of any contract with the managing agent;

15 (4) Institute, defend, or intervene in litigation or
16 administrative proceedings in its own name on behalf of itself or two
17 or more owners on matters affecting the homeowners' association, but
18 not on behalf of owners involved in disputes that are not the
19 responsibility of the association;

20 (5) Make contracts and incur liabilities;

21 (6) Regulate the use, maintenance, repair, replacement, and
22 modification of common areas;

23 (7) Cause additional improvements to be made as a part of the
24 common areas;

25 (8) Acquire, hold, encumber, and convey in its own name any
26 right, title, or interest to real or personal property;

27 (9) Grant easements, leases, licenses, and concessions through or
28 over the common areas and petition for or consent to the vacation of
29 streets and alleys;

30 (10) Impose and collect any payments, fees, or charges for the
31 use, rental, or operation of the common areas;

32 (11) Impose and collect charges for late payments of assessments
33 and, after notice and an opportunity to be heard by the board of
34 directors or by the representative designated by the board of
35 directors and in accordance with the procedures as provided in the
36 bylaws or rules and regulations adopted by the board of directors,
37 levy reasonable fines in accordance with a previously established
38 schedule adopted by the board of directors and furnished to the

1 owners for violation of the bylaws, rules, and regulations of the
2 association;

3 (12) Exercise any other powers conferred by the bylaws;

4 (13) Exercise all other powers that may be exercised in this
5 state by the same type of corporation as the association; and

6 (14) Exercise any other powers necessary and proper for the
7 governance and operation of the association.

8 NEW SECTION. **Sec. 14.** This act may be known and cited as the
9 common interest community unit owners protection act.

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