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## SENATE BILL 5727

State of Washington

68th Legislature

2023 Regular Session

By Senator Trudeau

AN ACT Relating to providing protections for consumers engaging 1 2 with common interest communities; amending RCW 64.06.015, 64.06.030, 3 64.06.040, 64.32.170, 64.32.200, 64.34.304, 64.34.364, 64.34.372, 64.34.420, 64.34.425, 64.38.045, 64.38.100, 64.90.485, 4 64.90.495, 64.90.635, and 64.90.640; reenacting and amending RCW 7.60.025, 5 64.06.020, 64.32.010, 64.34.020, and 64.38.010; adding a new section 6 to chapter 64.32 RCW; adding a new section to chapter 64.34 RCW; 8 adding a new section to chapter 64.38 RCW; adding a new section to chapter 64.90 RCW; prescribing penalties; and providing an effective 9 10 date.

- 11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:
- 12 **Sec. 1.** RCW 7.60.025 and 2021 c 176 s 5201 and 2021 c 65 s 6 are 13 each reenacted and amended to read as follows:
  - (1) A receiver may be appointed by the superior court of this state in the following instances, but except in any case in which a receiver's appointment is expressly required by statute, or any case in which a receiver's appointment is sought by a state agent whose authority to seek the appointment of a receiver is expressly conferred by statute, or any case in which a receiver's appointment with respect to real property is sought under (b)(ii) of this subsection, a receiver shall be appointed only if the court

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additionally determines that the appointment of a receiver is reasonably necessary and that other available remedies either are not available or are inadequate:

- (a) On application of any party, when the party is determined to have a probable right to or interest in property that is a subject of the action and in the possession of an adverse party, or when the property or its revenue-producing potential is in danger of being lost or materially injured or impaired. A receiver may be appointed under this subsection (1)(a) whether or not the application for appointment of a receiver is combined with, or is ancillary to, an action seeking a money judgment or other relief;
- (b) Provisionally, after commencement of any judicial action or nonjudicial proceeding to foreclose upon any lien against or for forfeiture of any interest in real or personal property, on application of any person, when the interest in the property that is the subject of such an action or proceeding of the person seeking the receiver's appointment is determined to be probable and either:
- (i) The property or its revenue-producing potential is in danger of being lost or materially injured or impaired; or
- (ii) The appointment of a receiver with respect to the real or personal property that is the subject of the action or proceeding is provided for by agreement or is reasonably necessary to effectuate or enforce an assignment of rents or other revenues from the property. For purposes of this subsection (1)(b), a judicial action is commenced as provided in superior court civil rule 3(a), a nonjudicial proceeding is commenced under chapter 61.24 RCW upon the service of notice of default described in RCW 61.24.030(8), and a proceeding for forfeiture is commenced under chapter 61.30 RCW upon the recording of the notice of intent to forfeit described in RCW 61.30.060;
  - (c) After judgment, in order to give effect to the judgment;
- (d) To dispose of property according to provisions of a judgment dealing with its disposition;
- (e) To the extent that property is not exempt from execution, at the instance of a judgment creditor either before or after the issuance of any execution, to preserve or protect it, or prevent its transfer;
- (f) If and to the extent that property is subject to execution to satisfy a judgment, to preserve the property during the pendency of an appeal, or when an execution has been returned unsatisfied, or

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when an order requiring a judgment debtor to appear for proceedings supplemental to judgment has been issued and the judgment debtor fails to submit to examination as ordered;

- (g) Upon an attachment of real or personal property when the property attached is of a perishable nature or is otherwise in danger of waste, impairment, or destruction, or where the abandoned property's owner has absconded with, secreted, or abandoned the property, and it is necessary to collect, conserve, manage, control, or protect it, or to dispose of it promptly, or when the court determines that the nature of the property or the exigency of the case otherwise provides cause for the appointment of a receiver;
- (h) In an action by a transferor of real or personal property to avoid or rescind the transfer on the basis of fraud, or in an action to subject property or a fund to the payment of a debt;
- (i) In an action against any person who is not an individual if the object of the action is the dissolution of that person, or if that person has been dissolved, or if that person is insolvent or is not generally paying the person's debts as those debts become due unless they are the subject of bona fide dispute, or if that person is in imminent danger of insolvency;
- (j) In accordance with RCW 7.08.030 (4) and (6), in cases in which a general assignment for the benefit of creditors has been made;
  - (k) In quo warranto proceedings under chapter 7.56 RCW;
  - (1) As provided under RCW 11.64.022;

- (m) In an action by the department of licensing under RCW 18.35.220(3) with respect to persons engaged in the business of dispensing of hearing aids, RCW 18.85.430 in the case of persons engaged in the business of a real estate broker, associate real estate broker, or real estate salesperson, or RCW 19.105.470 with respect to persons engaged in the business of camping resorts;
- (n) In an action under RCW 18.44.470 or 18.44.490 in the case of persons engaged in the business of escrow agents;
  - (o) Upon a petition with respect to a nursing home in accordance with and subject to receivership provisions under chapter 18.51 RCW;
- 36 (p) In connection with a proceeding for relief with respect to a 37 voidable transfer as to a present or future creditor under RCW 38 19.40.041 or a present creditor under RCW 19.40.051;

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(q) Under RCW 19.100.210(1), in an action by the attorney general or director of financial institutions to restrain any actual or threatened violation of the franchise investment protection act;

- (r) In an action by the attorney general or by a prosecuting attorney under RCW 19.110.160 with respect to a seller of business opportunities;
- (s) In an action by the director of financial institutions under RCW 21.20.390 in cases involving actual or threatened violations of the securities act of Washington or under RCW 21.30.120 in cases involving actual or threatened violations of chapter 21.30 RCW with respect to certain businesses and transactions involving commodities;
- (t) In an action for or relating to dissolution of a business corporation under RCW 23B.14.065, 23B.14.300, 23B.14.310, or 23B.14.320, for dissolution of a nonprofit corporation under RCW 24.03A.936, for dissolution of a mutual corporation under RCW 24.06.305, or in any other action for the dissolution or winding up of any other entity provided for by Title 23, 23B, 24, or 25 RCW;
  - (u) In any action in which the dissolution of any public or private entity is sought, in any action involving any dispute with respect to the ownership or governance of such an entity, or upon the application of a person having an interest in such an entity when the appointment is reasonably necessary to protect the property of the entity or its business or other interests;
  - (v) Under RCW 25.05.215, in aid of a charging order with respect to a partner's interest in a partnership;
  - (w) Under and subject to RCW 30A.44.100, 30A.44.270, and 30A.56.030, in the case of a state commercial bank, RCW 30B.44B.100, in the case of a state trust company, RCW 32.24.070, 32.24.073, 32.24.080, and 32.24.090, in the case of a state savings bank;
- 30 (x) Under and subject to RCW 31.12.637 and 31.12.671 through 31.12.724, in the case of credit unions;
  - (y) Upon the application of the director of financial institutions under RCW 31.35.090 in actions to enforce chapter 31.35 RCW applicable to agricultural lenders, under RCW 31.40.120 in actions to enforce chapter 31.40 RCW applicable to entities engaged in federally guaranteed small business loans, under RCW 31.45.160 in actions to enforce chapter 31.45 RCW applicable to persons licensed as check cashers or check sellers, or under RCW 19.230.230 in actions to enforce chapter 19.230 RCW applicable to persons licensed under the uniform money services act;

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1 (z) Under RCW 35.82.090 or 35.82.180, with respect to a housing 2 project;

- (aa) Under RCW 39.84.160 or 43.180.360, in proceedings to enforce rights under any revenue bonds issued for the purpose of financing industrial development facilities or bonds of the Washington state housing finance commission, or any financing document securing any such bonds;
- 8 (bb) Under and subject to RCW 43.70.195, in an action by the 9 secretary of health or by a local health officer with respect to a 10 public water system;
  - (cc) As contemplated by RCW 61.24.030, with respect to real property that is the subject of nonjudicial foreclosure proceedings under chapter 61.24 RCW;
  - (dd) As contemplated by RCW 61.30.030(3), with respect to real property that is the subject of judicial or nonjudicial forfeiture proceedings under chapter 61.30 RCW;
  - (ee) Under RCW 64.32.200(2), in an action or proceeding commenced under chapter 61.12 ((or 61.24)) RCW to foreclose upon a lien for common expenses against a dwelling unit subject to the horizontal property regimes act, chapter 64.32 RCW. For purposes of this subsection (1)(ee), a judicial action is commenced as provided in superior court civil rule 3(a) ((and a nonjudicial proceeding is commenced under chapter 61.24 RCW upon the service of notice of default described in RCW 61.24.030(8)));
  - (ff) Under RCW  $64.34.364((\frac{(10)}{(10)}))$  <u>(9)</u>, in an action or proceeding commenced under chapter 61.12 ((<del>or 61.24</del>)) RCW by a unit owners' association to foreclose a lien for nonpayment of delinquent assessments against condominium units. For purposes of this subsection (1)(ff), a judicial action is commenced as provided in superior court civil rule (3)(a) ((<del>and a nonjudicial proceeding is commenced under chapter 61.24 RCW upon the service of notice of default described in RCW 61.24.030(8)));</del>
  - (gg) Upon application of the attorney general under RCW 64.36.220(3), in aid of any writ or order restraining or enjoining violations of chapter 64.36 RCW applicable to timeshares;
  - (hh) Under RCW 70A.210.070(3), in aid of the enforcement of payment or performance of municipal bonds issued with respect to facilities used to abate, control, or prevent pollution;
- 39 (ii) Upon the application of the department of social and health 40 services under RCW 74.42.580, in cases involving nursing homes;

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(jj) Upon the application of the utilities and transportation commission under RCW 80.28.040, with respect to a water company or wastewater company that has failed to comply with an order of such commission within the time deadline specified therein;

- (kk) Under RCW 87.56.065, in connection with the dissolution of an irrigation district;
- (11) Upon application of the attorney general or the department of licensing, in any proceeding that either of them are authorized by statute to bring to enforce Title 18 or 19 RCW; the securities act of Washington, chapter 21.20 RCW; the Washington commodities act, chapter 21.30 RCW; the land development act, chapter 58.19 RCW; or under chapter 64.36 RCW relating to the regulation of timeshares;
- (mm) Upon application of the director of financial institutions in any proceeding that the director of financial institutions is authorized to bring to enforce chapters 31.35, 31.40, and 31.45 RCW; or
- (nn) In such other cases as may be provided for by law, or when, in the discretion of the court, it may be necessary to secure ample justice to the parties.
- (2) The superior courts of this state shall appoint as receiver of property located in this state a person who has been appointed by a federal or state court located elsewhere as receiver with respect to the property specifically or with respect to the owner's property generally, upon the application of the person or of any party to that foreign proceeding, and following the appointment shall give effect to orders, judgments, and decrees of the foreign court affecting the property in this state held by the receiver, unless the court determines that to do so would be manifestly unjust or inequitable. The venue of such a proceeding may be any county in which the person resides or maintains any office, or any county in which any property over which the receiver is to be appointed is located at the time the proceeding is commenced.
- (3) At least seven days' notice of any application for the appointment of a receiver must be given to the owner of property to be subject thereto and to all other parties in the action, and to other parties in interest as the court may require. If any execution by a judgment creditor under Title 6 RCW or any application by a judgment creditor for the appointment of a receiver, with respect to property over which the receiver's appointment is sought, is pending in any other action at the time the application is made, then notice

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of the application for the receiver's appointment also must be given to the judgment creditor in the other action. The court may shorten or expand the period for notice of an application for the appointment of a receiver upon good cause shown.

- (4) The order appointing a receiver in all cases must reasonably describe the property over which the receiver is to take charge, by category, individual items, or both if the receiver is to take charge of less than all of the owner's property. If the order appointing a receiver does not expressly limit the receiver's authority to designated property or categories of property of the owner, the receiver is a general receiver with the authority to take charge over all of the owner's property, wherever located.
- 13 (5) The court may condition the appointment of a receiver upon 14 the giving of security by the person seeking the receiver's 15 appointment, in such amount as the court may specify, for the payment 16 of costs and damages incurred or suffered by any person should it 17 later be determined that the appointment of the receiver was 18 wrongfully obtained.
- 19 **Sec. 2.** RCW 64.06.015 and 2011 c 200 s 3 are each amended to 20 read as follows:
  - (1) In a transaction for the sale of unimproved residential real property, the seller shall, unless the buyer has expressly waived the right to receive the disclosure statement under RCW 64.06.010, or unless the transfer is otherwise exempt under RCW 64.06.010, deliver to the buyer a completed seller disclosure statement in the following format and that contains, at a minimum, the following information:
- 27 INSTRUCTIONS TO THE SELLER

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- 28 Please complete the following form. Do not leave any spaces blank. If the question clearly does not apply to the property write "NA." If 29 the answer is "yes" to any \* items, please explain on attached 30 31 sheets. Please refer to the line number(s) of the question(s) when 32 you provide your explanation(s). For your protection you must date 33 and sign each page of this disclosure statement and each attachment. 34 Delivery of the disclosure statement must occur not later than five 35 business days, unless otherwise agreed, either after mutual
- 36 acceptance of a written contract to purchase between a buyer and a
- 37 seller, or before mutual acceptance of a written contract to purchase
- 38 between a buyer and a seller if requested by a prospective buyer.

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1	NOTICE TO THE BUYER
2	THE FOLLOWING DISCLOSURES ARE MADE BY SELLER ABOUT THE CONDITION OF
3	THE PROPERTY LOCATED AT
4	("THE PROPERTY"), OR AS LEGALLY DESCRIBED ON ATTACHED EXHIBIT A.
5	SELLER MAKES THE FOLLOWING DISCLOSURES OF EXISTING MATERIAL FACTS OR
6	MATERIAL DEFECTS TO BUYER BASED ON SELLER'S ACTUAL KNOWLEDGE OF THE
7	PROPERTY AT THE TIME SELLER COMPLETES THIS DISCLOSURE STATEMENT.
8	UNLESS YOU AND SELLER OTHERWISE AGREE IN WRITING, OR UNLESS YOU
9	RECEIVED THIS DISCLOSURE STATEMENT BEFORE AN AGREEMENT TO PURCHASE,
10	YOU HAVE THREE BUSINESS DAYS FROM THE DAY SELLER OR SELLER'S AGENT
11	DELIVERS THIS DISCLOSURE STATEMENT TO YOU TO RESCIND THE AGREEMENT BY
12	DELIVERING A SEPARATELY SIGNED WRITTEN STATEMENT OF RESCISSION TO SELLER OR SELLER'S AGENT. IF THE SELLER DOES NOT GIVE YOU A COMPLETED
13 14	DISCLOSURE STATEMENT, THEN YOU MAY WAIVE THE RIGHT TO RESCIND PRIOR
15	TO OR AFTER THE TIME YOU ENTER INTO A SALE AGREEMENT.
16	THE FOLLOWING ARE DISCLOSURES MADE BY SELLER AND ARE NOT THE
17	REPRESENTATIONS OF ANY REAL ESTATE LICENSEE OR OTHER PARTY. THIS
18 19	INFORMATION IS FOR DISCLOSURE ONLY AND IS NOT INTENDED TO BE A PART
	OF ANY WRITTEN AGREEMENT BETWEEN BUYER AND SELLER.
20	FOR A MORE COMPREHENSIVE EXAMINATION OF THE SPECIFIC CONDITION OF
21	THIS PROPERTY YOU ARE ADVISED TO OBTAIN AND PAY FOR THE SERVICES OF
22	QUALIFIED EXPERTS TO INSPECT THE PROPERTY, WHICH MAY INCLUDE, WITHOUT
23	LIMITATION, ARCHITECTS, ENGINEERS, LAND SURVEYORS, PLUMBERS,
24	ELECTRICIANS, ROOFERS, BUILDING INSPECTORS, ON-SITE WASTEWATER
25 26	TREATMENT INSPECTORS, OR STRUCTURAL PEST INSPECTORS. THE PROSPECTIVE BUYER AND SELLER MAY WISH TO OBTAIN PROFESSIONAL ADVICE OR
27	INSPECTIONS OF THE PROPERTY OR TO PROVIDE APPROPRIATE PROVISIONS IN A
28	CONTRACT BETWEEN THEM WITH RESPECT TO ANY ADVICE, INSPECTION, DEFECTS
29	OR WARRANTIES.
30	Seller is/ is not occupying the property.
31	I. SELLER'S DISCLOSURES:
32	
33	*If you answer "Yes" to a question with an asterisk (*), please explain your answer and attach documents, if available and not otherwise publicly recorded. If
34	necessary, use an attached sheet.
35	1. TITLE
36	[] Yes [] No [] Don't know A. Do you have legal authority to sell
37	the property? If no, please explain.
J ,	1 1 2 1 1 mm

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1	[] Yes	[] No	[] Don't know	*B. Is title to the property subject to
2				any of the following?
3				(1) First right of refusal
4				(2) Option
5				(3) Lease or rental agreement
6				(4) Life estate?
7	[ ] Yes	[ ] No	[] Don't know	*C. Are there any encroachments,
8				boundary agreements, or boundary
9				disputes?
10	[] Yes	[] No	[] Don't know	*D. Is there a private road or easement
11				agreement for access to the property?
12	[ ] Yes	[ ] No	[] Don't know	*E. Are there any rights-of-way,
13				easements, or access limitations that
14				affect the Buyer's use of the property?
15	[ ] Yes	[ ] No	[] Don't know	*F. Are there any written agreements
16				for joint maintenance of an easement or
17				right-of-way?
18	[] Yes	[] No	[] Don't know	*G. Is there any study, survey project,
19				or notice that would adversely affect
20				the property?
21	[ ] Yes	[ ] No	[] Don't know	*H. Are there any pending or existing
22				assessments against the property?
23	[ ] Yes	[ ] No	[] Don't know	*I. Are there any zoning violations,
24				nonconforming uses, or any unusual
25				restrictions on the property that affect
26				future construction or remodeling?
27	[ ] Yes	[] No	[] Don't know	*J. Is there a boundary survey for the
28				property?
29	[ ] Yes	[] No	[] Don't know	*K. Are there any covenants,
30				conditions, or restrictions recorded
31				against title to the property?
32				2. WATER
33				A. Household Water
34	[ ] Yes	[ ] No	[] Don't know	(1) Does the property have potable
35				water supply?
36				(2) If yes, the source of water for the
37				property is:

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1				[] Private or publicly owned water
2				system
3				[] Private well serving only the
4				property
5				*[ ] Other water system
6	[ ] Yes	[] No	[] Don't know	*If shared, are there any written
7				agreements?
8	[ ] Yes	[] No	[] Don't know	*(3) Is there an easement (recorded or
9				unrecorded) for access to and/or
10				maintenance of the water source?
11	[ ] Yes	[] No	[] Don't know	*(4) Are there any problems or repairs
12				needed?
13	[ ] Yes	[] No	[] Don't know	(5) Is there a connection or hook-up
14				charge payable before the property can
15				be connected to the water main?
16	[ ] Yes	[] No	[] Don't know	(6) Have you obtained a certificate of
17				water availability from the water
18				purveyor serving the property? (If yes,
19				please attach a copy.)
20	[ ] Yes	[] No	[] Don't know	(7) Is there a water right permit,
21				certificate, or claim associated with
22				household water supply for the
23				property? (If yes, please attach a copy.)
24	[ ] Yes	[ ] No	[] Don't know	(a) If yes, has the water right permit,
25				certificate, or claim been assigned,
26				transferred, or changed?
27				*(b) If yes, has all or any portion of the
28				water right not been used for five or
29				more successive years?
30				
31	[ ] Yes	[] No	[] Don't know	(c) If no or don't know, is the water
32				withdrawn from the water source less
33				than 5,000 gallons a day?
34	[] Yes	[ ] No	[] Don't know	*(8) Are there any defects in the
35				operation of the water system (e.g.,
36				pipes, tank, pump, etc.)?
37				B. Irrigation Water

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1	[ ] Yes	[ ] No	[] Don't know	(1) Are there any irrigation water
2				rights for the property, such as a water
3				right permit, certificate, or claim? (If
4				yes, please attach a copy.)
5	[] Yes	[ ] No	[] Don't know	(a) If yes, has all or any portion of the
6				water right not been used for five or
7				more successive years?
8	[ ] Yes	[ ] No	[] Don't know	(b) If yes, has the water right permit,
9				certificate, or claim been assigned,
10				transferred, or changed?
11	[ ] Yes	[ ] No	[] Don't know	*(2) Does the property receive
12				irrigation water from a ditch company,
13				irrigation district, or other entity? If so,
14				please identify the entity that supplies
15				irrigation water to the property:
16				
17				C. Outdoor Sprinkler System
18	[] Yes	[ ] No	[] Don't know	(1) Is there an outdoor sprinkler
19				system for the property?
20	[] Yes	[ ] No	[] Don't know	*(2) If yes, are there any defects in the
21				system?
22	[ ] Yes	[ ] No	[] Don't know	*(3) If yes, is the sprinkler system
23				connected to irrigation water?
24				3. SEWER/SEPTIC SYSTEM
25				A. The property is served by:
26				[] Public sewer system
27				[] On-site sewage system (including
28				pipes, tanks, drainfields, and all other
29				component parts)
30				[] Other disposal system, please
31				describe:
32				
33	[ ] Yes	[ ] No	[] Don't know	B. Is the property subject to any sewage
34				system fees or charges in addition to
35				those covered in your regularly billed
36				sewer or on-site sewage system
37				maintenance service?

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1				C. If the property is connected to an on-
2				site sewage system:
3	[ ] Yes	[] No	[] Don't know	*(1) Was a permit issued for its
4				construction?
5	[] Yes	[] No	[] Don't know	*(2) Was it approved by the local
6				health department or district following
7				its construction?
8	[] Yes	[ ] No	[] Don't know	(3) Is the septic system a pressurized
9				system?
10	[ ] Yes	[] No	[] Don't know	(4) Is the septic system a gravity
11				system?
12	[ ] Yes	[] No	[] Don't know	*(5) Have there been any changes or
13				repairs to the on-site sewage system?
14	[ ] Yes	[] No	[] Don't know	(6) Is the on-site sewage system,
15				including the drainfield, located
16				entirely within the boundaries of the
17				property? If no, please explain:
18				
19	[ ] Yes	[] No	[] Don't know	*(7) Does the on-site sewage system
20				require monitoring and maintenance
21				services more frequently than once a
22				year?
23				
24				4. ELECTRICAL/GAS
25	[ ] Yes	[ ] No	[] Don't know	A. Is the property served by natural
26				gas?
27	[ ] Yes	[] No	[] Don't know	B. Is there a connection charge for gas?
28	[ ] Yes	[] No	[] Don't know	C. Is the property served by electricity?
29	[ ] Yes	[ ] No	[] Don't know	D. Is there a connection charge for
30				electricity?
31	[] Yes	[ ] No	[] Don't know	*E. Are there any electrical problems
32				on the property?
33				
34				5. FLOODING
35	[ ] Yes	[ ] No	[] Don't know	A. Is the property located in a
36				government designated flood zone or
37				floodplain?

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1				6. SOIL STABILITY
2	[ ] Yes	[] No	[] Don't know	*A. Are there any settlement, earth
3				movement, slides, or similar soil
4				problems on the property?
5				
6				7. ENVIRONMENTAL
7	[ ] Yes	[] No	[] Don't know	*A. Have there been any flooding,
8				standing water, or drainage problems
9				on the property that affect the property
10				or access to the property?
11	[ ] Yes	[] No	[] Don't know	*B. Does any part of the property
12				contain fill dirt, waste, or other fill
13				material?
14	[ ] Yes	[] No	[] Don't know	*C. Is there any material damage to the
15				property from fire, wind, floods, beach
16				movements, earthquake, expansive
17				soils, or landslides?
18	[ ] Yes	[ ] No	[] Don't know	D. Are there any shorelines, wetlands,
19				floodplains, or critical areas on the
20				property?
21	[ ] Yes	[ ] No	[] Don't know	*E. Are there any substances, materials,
22				or products in or on the property that
23				may be environmental concerns, such
24				as asbestos, formaldehyde, radon gas,
25				lead-based paint, fuel or chemical
26				storage tanks, or contaminated soil or
27				water?
28	[ ] Yes	[] No	[] Don't know	*F. Has the property been used for
29				commercial or industrial purposes?
30	[ ] Yes	[ ] No	[] Don't know	*G. Is there any soil or groundwater
31				contamination?
32	[ ] Yes	[ ] No	[] Don't know	*H. Are there transmission poles or
33				other electrical utility equipment
34				installed, maintained, or buried on the
35				property that do not provide utility
36				service to the structures on the
37				property?

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1	[] Yes	[] No	[] Don't know	*I. Has the property been used as a
2				legal or illegal dumping site?
3	[ ] Yes	[] No	[] Don't know	*J. Has the property been used as an
4				illegal drug manufacturing site?
5	[ ] Yes	[] No	[] Don't know	*K. Are there any radio towers that
6				cause interference with cellular
7				telephone reception?
8				8. HOMEOWNERS'
9				ASSOCIATION/COMMON
10				INTERESTS
11	[] Yes	[] No	[] Don't know	A. Is there a homeowners' association?
12				Name of association and contact
13				information for an officer, director,
14				employee, or other authorized agent, if
15				any, who may provide the association's
16				financial statements, minutes, bylaws,
17				fining policy, and other information
18				that is not publicly available:
19				
20	[ ] Yes	[] No	[] Don't know	B. Are there regular periodic
21				assessments:
22				\$ per [ ] Month [ ] Year
23				[] Other
24	[] Yes	[] No	[] Don't know	*C. Are there any pending special
25				assessments?
26	[] Yes	[] No	[] Don't know	*D. Are there any shared "common
27				areas" or any joint maintenance
28				agreements (facilities such as walls,
29				fences, landscaping, pools, tennis
30				courts, walkways, or other areas co-
31				owned in undivided interest with
32				others)?

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1	[] Yes	[] <u>No</u>	[] Don't know	E. Are there copies of the declaration,
2				the organizational documents, or the
3				rules or regulations of the association
4				that can be provided? (If yes, please
5				attach copies.)
6				
7				If the answer to E is "no," please
8				explain:
9				·····
10				9. OTHER FACTS
11	[ ] Yes	[] No	[] Don't know	*A. Are there any disagreements,
12				disputes, encroachments, or legal
13				actions concerning the property?
14				
15	[ ] Yes	[] No	[] Don't know	*B. Does the property have any plants
16				or wildlife that are designated as
17				species of concern, or listed as
18				threatened or endangered by the
19				government?
20	[ ] Yes	[] No	[] Don't know	*C. Is the property classified or
21				designated as forestland or open space?
22				
23	[ ] Yes	[] No	[] Don't know	D. Do you have a forest management
24				plan? If yes, attach.
25	[ ] Yes	[] No	[] Don't know	*E. Have any development-related
26				permit applications been submitted to
27				any government agencies?
28				
29				If the answer to E is "yes," what is the
30				status or outcome of those
31				applications?
32				
33	[] Yes	[] No	[] Don't know	F. Is the property located within a city,
34				county, or district or within a
35				department of natural resources fire
36				protection zone that provides fire
37				protection services?
38				

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1	10. FULL DISCLOSURE BY
2	SELLERS
3	A. Other conditions or defects:
4	[] Yes [] No [] Don't know *Are there any other existing material
5	defects affecting the property that a
6	prospective buyer should know about?
7	B. Verification:
8	The foregoing answers and attached
9	explanations (if any) are complete and
10	correct to the best of my/our knowledge
11	and I/we have received a copy hereof.
12	I/we authorize all of my/our real estate
13	licensees, if any, to deliver a copy of
14	this disclosure statement to other real
15	estate licensees and all prospective
16	buyers of the property.
17	DATE SELLER SELLER
18	NOTICE TO BUYER
19	INFORMATION REGARDING REGISTERED SEX OFFENDERS MAY BE
20	OBTAINED FROM LOCAL LAW ENFORCEMENT AGENCIES. THIS
21	NOTICE IS INTENDED ONLY TO INFORM YOU OF WHERE TO OBTAIN
22	THIS INFORMATION AND IS NOT AN INDICATION OF THE PRESENCE
23	OF REGISTERED SEX OFFENDERS.
24	II. BUYER'S ACKNOWLEDGMENT
25	A. Buyer hereby acknowledges that: Buyer has a duty to pay
26	diligent attention to any material defects that are known to
27	Buyer or can be known to Buyer by utilizing diligent
28	attention and observation.
29	B. The disclosures set forth in this statement and in any
30	amendments to this statement are made only by the Seller
31	and not by any real estate licensee or other party.
32	C. Buyer acknowledges that, pursuant to RCW 64.06.050(2),
33	real estate licensees are not liable for inaccurate
34	information provided by Seller, except to the extent that
35	real estate licensees know of such inaccurate information.
36	D. This information is for disclosure only and is not intended
37	to be a part of the written agreement between the Buyer and
3 2	Seller

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1	E.	Buyer (which term includes all persons signing the
2		"Buyer's acceptance" portion of this disclosure statement
3		below) has received a copy of this Disclosure Statement
4		(including attachments, if any) bearing Seller's signature.

DISCLOSURES CONTAINED IN THIS DISCLOSURE STATEMENT ARE PROVIDED BY 5 6 SELLER BASED ON SELLER'S ACTUAL KNOWLEDGE OF THE PROPERTY AT THE TIME 7 SELLER COMPLETES THIS DISCLOSURE STATEMENT. UNLESS BUYER AND SELLER OTHERWISE AGREE IN WRITING, OR UNLESS BUYER RECEIVED THIS DISCLOSURE 8 STATEMENT BEFORE AN AGREEMENT TO PURCHASE, BUYER SHALL HAVE THREE 9 BUSINESS DAYS FROM THE DAY SELLER OR SELLER'S AGENT DELIVERS THIS 10 11 DISCLOSURE STATEMENT TO RESCIND THE AGREEMENT ΒY DELIVERING 12 SEPARATELY SIGNED WRITTEN STATEMENT OF RESCISSION TO13 SELLER'S AGENT. YOU MAY WAIVE THE RIGHT TO RESCIND PRIOR TO OR AFTER THE TIME YOU ENTER INTO A SALE AGREEMENT. 14

- BUYER HEREBY ACKNOWLEDGES RECEIPT OF A COPY OF THIS DISCLOSURE
  STATEMENT AND ACKNOWLEDGES THAT THE DISCLOSURES MADE HEREIN ARE THOSE
  OF THE SELLER ONLY, AND NOT OF ANY REAL ESTATE LICENSEE OR OTHER
  PARTY.
- (2) The seller disclosure statement shall be for disclosure only, and shall not be considered part of any written agreement between the buyer and seller of residential property. The seller disclosure statement shall be only a disclosure made by the seller, and not any real estate licensee involved in the transaction, and shall not be construed as a warranty of any kind by the seller or any real estate licensee involved in the transaction.
- 27 (3) Upon request of a prospective buyer pursuant to RCW 64.06.030(2), the seller shall deliver to the prospective buyer a completed seller disclosure statement in the same format and that contains the same minimum information as provided in subsection (1) of this section.
  - Sec. 3. RCW 64.06.020 and 2021 c 256 s 3 and 2021 c 25 s 1 are each reenacted and amended to read as follows:

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(1) In a transaction for the sale of improved residential real property, the seller shall, unless the buyer has expressly waived the right to receive the disclosure statement under RCW 64.06.010, or unless the transfer is otherwise exempt under RCW 64.06.010, deliver

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- 1 to the buyer a completed seller disclosure statement in the following
- 2 format and that contains, at a minimum, the following information:
- 3 INSTRUCTIONS TO THE SELLER
- 4 Please complete the following form. Do not leave any spaces blank. If
- 5 the question clearly does not apply to the property write "NA." If
- 6 the answer is "yes" to any \* items, please explain on attached
- 7 sheets. Please refer to the line number(s) of the question(s) when
- 8 you provide your explanation(s). For your protection you must date
- 9 and sign each page of this disclosure statement and each attachment.
- 10 Delivery of the disclosure statement must occur not later than five
- 11 business days, unless otherwise agreed, <u>either</u> after mutual
- 12 acceptance of a written contract to purchase between a buyer and a
- 13 seller, or before mutual acceptance of a written contract to purchase
- 14 between a buyer and a seller if requested by a prospective buyer.
- 15 NOTICE TO THE BUYER
- 16 THE FOLLOWING DISCLOSURES ARE MADE BY SELLER ABOUT THE CONDITION OF
- 18 ("THE PROPERTY"), OR AS LEGALLY DESCRIBED ON ATTACHED EXHIBIT A.
- 19 SELLER MAKES THE FOLLOWING DISCLOSURES OF EXISTING MATERIAL FACTS OR
- 20 MATERIAL DEFECTS TO BUYER BASED ON SELLER'S ACTUAL KNOWLEDGE OF THE
- 21 PROPERTY AT THE TIME SELLER COMPLETES THIS DISCLOSURE STATEMENT.
- 22 UNLESS YOU AND SELLER OTHERWISE AGREE IN WRITING, OR UNLESS YOU
- 23 RECEIVED THIS DISCLOSURE STATEMENT BEFORE AN AGREEMENT TO PURCHASE,
- 24 YOU HAVE THREE BUSINESS DAYS FROM THE DAY SELLER OR SELLER'S AGENT
- 25 DELIVERS THIS DISCLOSURE STATEMENT TO YOU TO RESCIND THE AGREEMENT BY
- 26 DELIVERING A SEPARATELY SIGNED WRITTEN STATEMENT OF RESCISSION TO
- 27 SELLER OR SELLER'S AGENT. IF THE SELLER DOES NOT GIVE YOU A COMPLETED
- 28 DISCLOSURE STATEMENT, THEN YOU MAY WAIVE THE RIGHT TO RESCIND PRIOR
- 29 TO OR AFTER THE TIME YOU ENTER INTO A SALE AGREEMENT.
- 30 THE FOLLOWING ARE DISCLOSURES MADE BY SELLER AND ARE NOT THE
- 31 REPRESENTATIONS OF ANY REAL ESTATE LICENSEE OR OTHER PARTY. THIS
- 32 INFORMATION IS FOR DISCLOSURE ONLY AND IS NOT INTENDED TO BE A PART
- 33 OF ANY WRITTEN AGREEMENT BETWEEN BUYER AND SELLER.
- 34 FOR A MORE COMPREHENSIVE EXAMINATION OF THE SPECIFIC CONDITION OF
- 35 THIS PROPERTY YOU ARE ADVISED TO OBTAIN AND PAY FOR THE SERVICES OF
- 36 QUALIFIED EXPERTS TO INSPECT THE PROPERTY, WHICH MAY INCLUDE, WITHOUT
- 37 LIMITATION, ARCHITECTS, ENGINEERS, LAND SURVEYORS, PLUMBERS,
- 38 ELECTRICIANS, ROOFERS, BUILDING INSPECTORS, ON-SITE WASTEWATER

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1	TREATMENT INSPECTORS, OR STRUCTURAL PEST INSPECTORS. THE PROSPECTIVE
2	BUYER AND SELLER MAY WISH TO OBTAIN PROFESSIONAL ADVICE OR
3	INSPECTIONS OF THE PROPERTY OR TO PROVIDE APPROPRIATE PROVISIONS IN A
4	CONTRACT BETWEEN THEM WITH RESPECT TO ANY ADVICE, INSPECTION, DEFECTS
5	OR WARRANTIES.
6	Seller is/ is not occupying the property.
7	I. SELLER'S DISCLOSURES:
8	*If you answer "Yes" to a question with an asterisk (*), please explain your
9	answer and attach documents, if available and not otherwise publicly recorded. If
10	necessary, use an attached sheet.
11	1. TITLE
12	[] Yes [] No [] Don't know A. Do you have legal authority to sell
13	the property? If no, please explain.
14	[] Yes [] No [] Don't know *B. Is title to the property subject to
15	any of the following?
16	(1) First right of refusal
17	(2) Option
18	(3) Lease or rental agreement
19	(4) Life estate?
20	[] Yes [] No [] Don't know *C. Are there any encroachments,
21	boundary agreements, or boundary
22	disputes?
23	[] Yes [] No [] Don't know *D. Is there a private road or easement
24	agreement for access to the property?
25	[] Yes [] No [] Don't know *E. Are there any rights-of-way,
26	easements, or access limitations that
27	may affect the Buyer's use of the

property?

or right-of-way?

 $the\ property?$ 

\*F. Are there any written agreements

for joint maintenance of an easement

\*G. Is there any study, survey project,

or notice that would adversely affect

\*H. Are there any pending or existing

assessments against the property?

[] Yes

[] Yes

[ ] Yes

[] No [] Don't know

[] No [] Don't know

[] No [] Don't know

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1	[ ] Yes	[] No	[] Don't know	*I. Are there any zoning violations,
2				nonconforming uses, or any unusual
3				restrictions on the property that would
4				affect future construction or
5				remodeling?
6	[ ] Yes	[] No	[] Don't know	*J. Is there a boundary survey for the
7				property?
8	[] Yes	[ ] No	[] Don't know	*K. Are there any covenants,
9				conditions, or restrictions recorded
10				against the property?
11				NOTICE TO THE BUYER:
12				Covenants or deed restrictions based
13				on race, creed, sexual orientation, or
14				other protected class were voided by
15				RCW 49.60.224 and are
16				unenforceable. Washington law allows
17				for the illegal language to be struck by
18				bringing an action in superior court or
19				by the free recording of a restrictive
20				covenant modification document.
21				Many county auditor websites provide
22				a short form with instructions on this
23				process.
24				2. WATER
25				A. Household Water
26				(1) The source of water for the
27				property is:
28				[ ] Private or publicly owned
29				water system
30				[ ] Private well serving only the
31				subject property
32				*[] Other water system
33	[] Yes	[] No	[] Don't know	*If shared, are there any written
34				agreements?
35	[ ] Yes	[ ] No	[] Don't know	*(2) Is there an easement
36				(recorded or unrecorded) for
37				access to and/or maintenance of
38				the water source?

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1	[] Yes	[] No	[] Don't know	*(3) Are there any problems or
2				repairs needed?
3	[] Yes	[ ] No	[] Don't know	(4) During your ownership, has
4				the source provided an adequate
5				year-round supply of potable
6				water? If no, please explain.
7	[ ] Yes	[] No	[] Don't know	*(5) Are there any water
8				treatment systems for the
9				property? If yes, are they
10				[] Leased [] Owned
11	[] Yes	[] No	[] Don't know	*(6) Are there any water rights
12				for the property associated with
13				its domestic water supply, such as
14				a water right permit, certificate,
15				or claim?
16	[] Yes	[] No	[] Don't know	(a) If yes, has the water right
17				permit, certificate, or claim been
18				assigned, transferred, or
19				changed?
20				*(b) If yes, has all or any portion
21				of the water right not been used
22				for five or more successive
23				years?
24	[] Yes	[] No	[] Don't know	*(7) Are there any defects in the
25				operation of the water system
26				(e.g. pipes, tank, pump, etc.)?
27				B. Irrigation Water
28	[] Yes	[ ] No	[] Don't know	(1) Are there any irrigation water
29				rights for the property, such as a
30				water right permit, certificate, or
31				claim?
32	[] Yes	[] No	[] Don't know	*(a) If yes, has all or any portion
33				of the water right not been used
34				for five or more successive
35				years?
36	[] Yes	[] No	[] Don't know	*(b) If so, is the certificate
37				available? (If yes, please attach a
38				copy.)

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1	[ ] Yes	[] No	[] Don't know	*(c) If so, has the water right
2				permit, certificate, or claim been
3				assigned, transferred, or
4				changed?
5	[ ] Yes	[ ] No	[] Don't know	*(2) Does the property receive
6				irrigation water from a ditch
7				company, irrigation district, or
8				other entity? If so, please identify
9				the entity that supplies water to
10				the property:
11				C. Outdoor Sprinkler System
12	[ ] Yes	[] No	[] Don't know	(1) Is there an outdoor sprinkler
13				system for the property?
14	[ ] Yes	[ ] No	[] Don't know	*(2) If yes, are there any defects
15				in the system?
16	[ ] Yes	[] No	[] Don't know	*(3) If yes, is the sprinkler
17				system connected to irrigation
18				water?
19				3. SEWER/ON-SITE SEWAGE
20				SYSTEM
21				A. The property is served by:
22				[] Public sewer system,
23				[ ] On-site sewage system (including
24				pipes, tanks, drainfields, and all other
25				component parts)
26				[ ] Other disposal system, please
27				describe:
28	[] Yes	[ ] No	[] Don't know	B. If public sewer system service is
29				available to the property, is the house
30				connected to the sewer main? If no,
31				please explain.
32	[] Yes	[ ] No	[] Don't know	*C. Is the property subject to any
33				sewage system fees or charges in
34				addition to those covered in your
35				regularly billed sewer or on-site
36				sewage system maintenance service?
37				D. If the property is connected to an
38				on-site sewage system:

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1	[] Yes	[] No	[] Don't know	*(1) Was a permit issued for its
2				construction, and was it approved
3				by the local health department or
4				district following its
5				construction?
6				(2) When was it last pumped?
7				
8	[] Yes	[ ] No	[] Don't know	*(3) Are there any defects in the
9				operation of the on-site sewage
10				system?
11			[] Don't know	(4) When was it last inspected?
12				
13				By whom:
14			[] Don't know	(5) For how many bedrooms was
15				the on-site sewage system
16				approved?
17				bedrooms
18	[] Yes	[] No	[] Don't know	E. Are all plumbing fixtures, including
19				laundry drain, connected to the
20				sewer/on-site sewage system? If no,
21				please explain:
22	[] Yes	[ ] No	[] Don't know	*F. Have there been any changes or
23				repairs to the on-site sewage system?
24	[] Yes	[] No	[] Don't know	G. Is the on-site sewage system,
25				including the drainfield, located
26				entirely within the boundaries of the
27				property? If no, please explain.
28				
29	[] Yes	[] No	[] Don't know	*H. Does the on-site sewage system
30				require monitoring and maintenance
31				services more frequently than once a
32				year?
33				
34	NOTICE:	IF THIS	S RESIDENTIAL	REAL PROPERTY DISCLOSURE
35	STATEME	ENT IS BE	ING COMPLETED	FOR NEW CONSTRUCTION WHICH
36	HAS NEV	VER BEE	N OCCUPIED, TH	IE SELLER IS NOT REQUIRED TO
37	COMPLE	TE THE (	QUESTIONS LIST	ED IN ITEM 4. STRUCTURAL OR
38	ITEM 5. S	YSTEMS .	AND FIXTURES	

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1						4. STRUCTUE	RAL
2	[] Ye	es :	[ ] No	[] Don't	know	*A. Has the roo	of leaked within the last
3						five years?	
4	[] Ye	s	[ ] No	[] Don't	know	*B. Has the	basement flooded or
5						leaked?	
6	[ ] Ye	s	[ ] No	[] Don't	know	*C. Have there	been any conversions,
7						additions, or re	modeling?
8	[] Ye	s	[ ] No	[] Don't	know	*(1) If y	es, were all building
9						permits ob	tained?
10	[] Ye	s	[ ] No	[] Don't	know	*(2) If	yes, were all final
11						inspection	s obtained?
12	[] Ye	es	[ ] No	[] Don't	know	D. Do you kno	w the age of the house?
13						If yes, year of o	original construction:
14	[] Ye	es	[ ] No	[] Don't	know	*E. Has ther	e been any settling,
15						slippage, or sli	ding of the property or
16						its improvemen	its?
17	[ ] Ye	s	[ ] No	[] Don't	know	*F. Are there	any defects with the
18						following: (If	yes, please check
19						applicable item	s and explain.)
20		□ Fou	ındations		□ Decks		□ Exterior Walls
21		□ Chi	mneys		□ Interio	r Walls	□ Fire Alarm
22		□ Doo	ors		□ Windo	ws	□ Patio
23		□ Cei	lings		□ Slab F	loors	□ Driveways
24		□ Poc	ols		□ Hot Tu	ıb	□ Sauna
25		□ Sid	ewalks		□ Outbui	ldings	□ Fireplaces
26		□ Gar	age Floors		□ Walkw	ays	□ Siding
27		□ Oth	ier		□ Woods	toves	□ Elevators
28		□ Incl	line Elevat	ors	□ Stairwa	ay Chair	□ Wheelchair Lifts
29					Lifts		
30	[] Ye	s	[ ] No	[] Don't	know	*G. Was a str	uctural pest or "whole
31						house" inspecti	ion done? If yes, when
32						and by whon	n was the inspection
33						completed?	
34	[ ] Ye	s	[ ] No	[] Don't	know	H. During you	ur ownership, has the
35						property had	any wood destroying
36						organism or pes	st infestation?
37	[] Ye	s	[ ] No	[] Don't	know	I. Is the attic in	sulated?

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1	[ ] Yes	[ ] No	[] Don't know	J. Is the basement insulated?
2				5. SYSTEMS AND FIXTURES
3				*A. If any of the following systems or
4				fixtures are included with the transfer,
5				are there any defects? If yes, please
6				explain.
7	[ ] Yes	[] No	[] Don't know	Electrical system, including
8				wiring, switches, outlets, and
9				service
10	[ ] Yes	[] No	[] Don't know	Plumbing system, including
11				pipes, faucets, fixtures, and
12				toilets
13	[ ] Yes	[] No	[] Don't know	Hot water tank
14	[ ] Yes	[] No	[] Don't know	Garbage disposal
15	[ ] Yes	[ ] No	[] Don't know	Appliances
16	[ ] Yes	[ ] No	[] Don't know	Sump pump
17	[ ] Yes	[ ] No	[] Don't know	Heating and cooling systems
18	[ ] Yes	[] No	[] Don't know	Security system
19				[] Owned[] Leased
20				Other
21				*B. If any of the following fixtures or
22				property is included with the transfer,
23				are they leased? (If yes, please attach
24				copy of lease.)
25	[ ] Yes	[ ] No	[] Don't know	Security system
26	[ ] Yes	[] No	[] Don't know	Tanks (type):
27	[ ] Yes	[] No	[] Don't know	Satellite dish
28				Other:
29				*C. Are any of the following kinds of
30				wood burning appliances present at
31				the property?
32	[ ] Yes	[] No	[] Don't know	(1) Woodstove?
33	[ ] Yes	[] No	[] Don't know	(2) Fireplace insert?
34	[] Yes	[ ] No	[] Don't know	(3) Pellet stove?
35	[ ] Yes	[ ] No	[] Don't know	(4) Fireplace?

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1	[ ] Yes	[] No	[] Don't know	If yes, are all of the (1)
2				woodstoves or (2) fireplace
3				inserts certified by the U.S.
4				Environmental Protection
5				Agency as clean burning
6				appliances to improve air quality
7				and public health?
8	[ ] Yes	[] No	[] Don't know	D. Is the property located within a
9				city, county, or district or within a
10				department of natural resources fire
11				protection zone that provides fire
12				protection services?
13	[ ] Yes	[] No	[] Don't know	E. Is the property equipped with
14				carbon monoxide alarms?
15				(Note: Pursuant to RCW 19.27.530,
16				seller must equip the residence with
17				carbon monoxide alarms as required
18				by the state building code.)
19	[ ] Yes	[] No	[] Don't know	F. Is the property equipped with
20				smoke detection devices?
21				(Note: Pursuant to RCW 43.44.110, if
22				the property is not equipped with at
23				least one smoke detection device, at
24				least one must be provided by the
25				seller.)
26	[ ] Yes	[] No	[] Don't know	G. Does the property currently have
27				internet service?
28			[] Don't know	Provider
29				6. HOMEOWNERS'
30				ASSOCIATION/COMMON
31				INTERESTS

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1	[ ] Yes	[] No	[] Don't know	A. Is there a Homeowners'
2				Association? Name of Association and
3				contact information for an officer,
4				director, employee, or other authorized
5				agent, if any, who may provide the
6				association's financial statements,
7				minutes, bylaws, fining policy, and
8				other information that is not publicly
9				available:
10	[ ] Yes	[] No	[] Don't know	B. Are there regular periodic
11				assessments:
12				\$ per [ ] Month [ ] Year
13				[ ] Other
14	[] Yes	[] No	[] Don't know	*C. Are there any pending special
15				assessments?
16	[ ] Yes	[ ] No	[] Don't know	*D. Are there any shared "common
17				areas" or any joint maintenance
18				agreements (facilities such as walls,
19				fences, landscaping, pools, tennis
20				courts, walkways, or other areas co-
21				owned in undivided interest with
22				others)?
23	[] Yes	[] No	[] Don't know	E. Are there copies of the declaration,
24				the organizational documents, or the
25				rules or regulations of the association
26				that can be provided? (If yes, please
27				attach copies.)
28				
29				If the answer to E is "no," please
30				explain:
31				
32				7. ENVIRONMENTAL
33	[ ] Yes	[] No	[] Don't know	*A. Have there been any flooding,
34				standing water, or drainage problems
35				on the property that affect the property
36				or access to the property?
37	[] Yes	[ ] No	[] Don't know	*B. Does any part of the property
38				contain fill dirt, waste, or other fill
39				material?

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1	[ ] Yes	[] No	[] Don't know	*C. Is there any material damage to
2				the property from fire, wind, floods,
3				beach movements, earthquake,
4				expansive soils, or landslides?
5	[ ] Yes	[] No	[] Don't know	D. Are there any shorelines, wetlands,
6				floodplains, or critical areas on the
7				property?
8	[ ] Yes	[] No	[] Don't know	*E. Are there any substances,
9				materials, or products in or on the
10				property that may be environmental
11				concerns, such as asbestos,
12				formaldehyde, radon gas, lead-based
13				paint, fuel or chemical storage tanks,
14				or contaminated soil or water?
15	[ ] Yes	[] No	[] Don't know	*F. Has the property been used for
16				commercial or industrial purposes?
17	[ ] Yes	[] No	[] Don't know	*G. Is there any soil or groundwater
18				contamination?
19	[ ] Yes	[] No	[] Don't know	*H. Are there transmission poles or
20				other electrical utility equipment
21				installed, maintained, or buried on the
22				property that do not provide utility
23				service to the structures on the
24				property?
25	[ ] Yes	[] No	[] Don't know	*I. Has the property been used as a
26				legal or illegal dumping site?
27	[ ] Yes	[] No	[] Don't know	*J. Has the property been used as an
28				illegal drug manufacturing site?
29	[] Yes	[] No	[] Don't know	*K. Are there any radio towers in the
30				area that cause interference with
31				cellular telephone reception?
32				8. MANUFACTURED AND
33				MOBILE HOMES
34				If the property includes a
35				manufactured or mobile home,
36	[] Yes	[] No	[] Don't know	*A. Did you make any alterations to
37				the home? If yes, please describe the
38				alterations:

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1	[] Yes [] No [] Don't know *B. Did any previous owner make any
2	alterations to the home?
3	[] Yes [] No [] Don't know *C. If alterations were made, were
4	permits or variances for these
5	alterations obtained?
6	9. FULL DISCLOSURE BY
7	SELLERS
8	A. Other conditions or defects:
9	[] Yes [] No [] Don't know *Are there any other existing materia
10	defects affecting the property that a
11	prospective buyer should know about?
12	B. Verification:
13	The foregoing answers and attached
14	explanations (if any) are complete and
15	correct to the best of my/ou
16	knowledge and I/we have received a
17	copy hereof. I/we authorize all o
18	my/our real estate licensees, if any, to
19	deliver a copy of this disclosure
20	statement to other real estate licensees
21	and all prospective buyers of the
22	property.
23	DATE
24	NOTICE TO THE BUYER
25	INFORMATION REGARDING REGISTERED SEX OFFENDERS MAY
26	BE OBTAINED FROM LOCAL LAW ENFORCEMENT AGENCIES. THIS
27	NOTICE IS INTENDED ONLY TO INFORM YOU OF WHERE TO OBTAIN
28	THIS INFORMATION AND IS NOT AN INDICATION OF THE PRESENCE
29	OF REGISTERED SEX OFFENDERS.
30	II. BUYER'S ACKNOWLEDGMENT
31	Buyer hereby acknowledges that: Buyer has a duty to pay
32	diligent attention to any material defects that are known to
33	Buyer or can be known to Buyer by utilizing diligen
34	attention and observation.
35	B. The disclosures set forth in this statement and in any
36	amendments to this statement are made only by the Selle
37	and not by any real estate licensee or other party.

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1	C. Buyer acknowledges that, pursuant to RCW 64.06.050(2),
2	real estate licensees are not liable for inaccurate
3	information provided by Seller, except to the extent that
4	real estate licensees know of such inaccurate information.
5	D. This information is for disclosure only and is not intended
6	to be a part of the written agreement between the Buyer
7	and Seller.
8	E. Buyer (which term includes all persons signing the
9	"Buyer's acceptance" portion of this disclosure statement
10	below) has received a copy of this Disclosure Statement
11	(including attachments, if any) bearing Seller's signature.

- DISCLOSURES CONTAINED IN THIS DISCLOSURE STATEMENT ARE PROVIDED BY 12 13 SELLER BASED ON SELLER'S ACTUAL KNOWLEDGE OF THE PROPERTY AT THE TIME 14 SELLER COMPLETES THIS DISCLOSURE STATEMENT. UNLESS BUYER AND SELLER 15 OTHERWISE AGREE IN WRITING, OR UNLESS BUYER RECEIVED THIS DISCLOSURE 16 STATEMENT BEFORE AN AGREEMENT TO PURCHASE, BUYER SHALL HAVE THREE 17 BUSINESS DAYS FROM THE DAY SELLER OR SELLER'S AGENT DELIVERS THIS STATEMENT ТО RESCIND THE 18 DISCLOSURE AGREEMENT ΒY DELIVERING 19 SEPARATELY SIGNED WRITTEN STATEMENT OF RESCISSION TO SELLER 20 SELLER'S AGENT. YOU MAY WAIVE THE RIGHT TO RESCIND PRIOR TO OR AFTER 21 THE TIME YOU ENTER INTO A SALE AGREEMENT.
- BUYER HEREBY ACKNOWLEDGES RECEIPT OF A COPY OF THIS DISCLOSURE
  STATEMENT AND ACKNOWLEDGES THAT THE DISCLOSURES MADE HEREIN ARE THOSE
  OF THE SELLER ONLY, AND NOT OF ANY REAL ESTATE LICENSEE OR OTHER
- 25 PARTY.

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- - (2) If the disclosure statement is being completed for new construction which has never been occupied, the disclosure statement is not required to contain and the seller is not required to complete the questions listed in item 4. Structural or item 5. Systems and Fixtures.
    - (3) The seller disclosure statement shall be for disclosure only, and shall not be considered part of any written agreement between the buyer and seller of residential property. The seller disclosure statement shall be only a disclosure made by the seller, and not any real estate licensee involved in the transaction, and shall not be construed as a warranty of any kind by the seller or any real estate licensee involved in the transaction.

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(4) Upon request of a prospective buyer pursuant to RCW 64.06.030(2), the seller shall deliver to the prospective buyer a completed seller disclosure statement in the same format and that contains the same minimum information as provided in subsection (1) of this section.

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- 6 **Sec. 4.** RCW 64.06.030 and 1996 c 301 s 3 are each amended to 7 read as follows:
  - (1) Unless the buyer has expressly waived the right to receive the disclosure statement, or unless the buyer received a disclosure statement before mutual acceptance of a written agreement between the buyer and the seller for the purchase and sale of residential real property pursuant to subsection (2) of this section, not later than five business days or as otherwise agreed to, after mutual acceptance of a written agreement between a buyer and a seller for the purchase and sale of residential real property, the seller shall deliver to the buyer a completed, signed, and dated real property transfer disclosure statement. Within three business days, or as otherwise agreed to, of receipt of the real property transfer disclosure statement, the buyer shall have the right to exercise one of the following two options: (1) Approving and accepting the real property transfer disclosure statement; or (2) rescinding the agreement for the purchase and sale of the property, which decision may be made by the buyer in the buyer's sole discretion. If the buyer elects to rescind the agreement, the buyer must deliver written notice of rescission to the seller within the ((three-business-day)) three business day period, or as otherwise agreed to, and upon delivery of the written rescission notice the buyer shall be entitled to immediate return of all deposits and other considerations less any agreed disbursements paid to the seller, or to the seller's agent or an escrow agent for the seller's account, and the agreement for purchase and sale shall be void. If the buyer does not deliver a written recision notice to ((<del>[the]</del>)) <u>the</u> seller within the ((<del>three-</del> business-day)) three business day period, or as otherwise agreed to, the real property transfer disclosure statement will be deemed approved and accepted by the buyer.
  - (2) A prospective buyer may request from the seller a disclosure statement before mutual acceptance of a written agreement between the buyer and the seller for the purchase and sale of residential real property. The seller shall deliver to the prospective buyer a

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- 1 completed, signed, and dated real property transfer disclosure
- 2 statement within five business days or as otherwise agreed to. The
- 3 prospective buyer's receipt of the disclosure statement satisfies a
- 4 <u>seller's duty to provide a real property transfer disclosure</u>
- 5 <u>statement under subsection (1) of this section.</u>
- 6 **Sec. 5.** RCW 64.06.040 and 2010 c 64 s 5 are each amended to read 7 as follows:
- 8 (1)  $((\frac{1}{1}))$  Except as provided in subsection (5) of this section, 9 if, after the date that a seller of real property completes a real 10 property transfer disclosure statement, the seller learns from a source other than the buyer or others acting on the buyer's behalf 11 such as an inspector of additional information or an adverse change 12 which makes any of the disclosures made inaccurate, the seller shall 13 amend the real property transfer disclosure statement, and deliver 14 15 the amendment to the buyer. No amendment shall be required, however, 16 if the seller takes whatever corrective action is necessary so that the accuracy of the disclosure is restored, or the adverse change is 17 18 corrected, at least three business days prior to the closing date. Unless the corrective action is completed by the seller prior to the 19 20 closing date, the buyer shall have the right to exercise one of the 21 following two options: (a) Approving and accepting the amendment, or 22 (b) rescinding the agreement of purchase and sale of the property within three business days after receiving the amended real property 23 24 transfer disclosure statement. Acceptance or recision shall be subject to the same procedures described in RCW 64.06.030 (1). If the 25 closing date provided in the purchase and sale agreement is scheduled 26 27 to occur within the ((three-business-day)) three business day 28 rescission period provided for in this section, the closing date shall be extended until the expiration of the ((three-business-day)) 29 30 three business day rescission period. The buyer shall have no right 31 of rescission if the seller takes whatever action is necessary so that the accuracy of the disclosure is restored at least three 32 business days prior to the closing date. 33
  - (2) In the event any act, occurrence, or agreement arising or becoming known after the closing of a real property transfer causes a real property transfer disclosure statement to be inaccurate in any way, the seller of such property shall have no obligation to amend the disclosure statement, and the buyer shall not have the right to rescind the transaction under this chapter.

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(3) If the seller in a real property transfer fails or refuses to provide to the prospective buyer a real property transfer disclosure statement as required under this chapter, the prospective buyer's right of rescission under this section shall apply until the earlier of three business days after receipt of the real property transfer disclosure statement or the date the transfer has closed, unless the buyer has otherwise waived the right of rescission in writing or received a disclosure statement before mutual acceptance of a written agreement between the buyer and the seller for the purchase and sale of residential real property pursuant to RCW 64.06.030. Closing is deemed to occur when the buyer has paid the purchase price, or down payment, and the conveyance document, including a deed or real estate contract, from the seller has been delivered and recorded. After closing, the seller's obligation to deliver the real property transfer disclosure statement and the buyer's rights and remedies under this chapter shall terminate.

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- (4) Failure of a homeowners' association or its officers, directors, employees, or authorized agents to provide requested information in part 8 of the disclosure statement form in RCW 64.06.015 or part 6 of the disclosure statement form in RCW 64.06.020 ((does not constitute)) constitutes a seller's failure or refusal to provide a real property transfer disclosure statement under subsection (3) of this section.
- (5) If, after the date that a seller of real property completes a real property transfer disclosure statement before mutual acceptance of a written agreement between a prospective buyer and seller for the purchase and sale of residential real property, the seller learns from a source other than the prospective buyer or others acting on the prospective buyer's behalf such as an inspector of additional information or an adverse change that makes any of the disclosures made inaccurate, the seller shall amend the real property transfer disclosure statement and deliver the amendment to the prospective buyer. No amendment shall be required under this subsection, however, if the seller takes whatever corrective action is necessary so that the accuracy of the disclosure is restored, or the adverse change is corrected, by the time a prospective buyer and seller enter into a written agreement for the purchase and sale of residential property, or if 30 days have passed since the seller disclosure form was delivered to the prospective buyer and there has been no contact from the prospective buyer.

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Sec. 6. RCW 64.32.010 and 2021 c 227 s 1 are each reenacted and amended to read as follows:

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As used in this chapter unless the context otherwise requires:

- (1) "Apartment" means a part of the property intended for any 4 type of independent use, including one or more rooms or spaces 5 6 located on one or more floors (or part or parts thereof) in a 7 building, or if not in a building, a separately delineated place of storage or moorage of a boat, plane, or motor vehicle, regardless of 8 whether it is destined for a residence, an office, storage or moorage 9 of a boat, plane, or motor vehicle, the operation of any industry or 10 11 business, or for any other use not prohibited by law, and which has a 12 direct exit to a public street or highway, or to a common area leading to such street or highway. The boundaries of an apartment 13 located in a building are the interior surfaces of the perimeter 14 walls, floors, ceilings, windows and doors thereof, and the apartment 15 16 includes both the portions of the building so described and the air 17 space so encompassed. If the apartment is a separately delineated place of storage or moorage of a boat, plane, or motor vehicle the 18 19 boundaries are those specified in the declaration. In interpreting declarations, deeds, and plans, the existing physical boundaries of 20 the apartment as originally constructed or as reconstructed in 21 22 substantial accordance with the original plans thereof shall be 23 conclusively presumed to be its boundaries rather than the metes and bounds expressed or depicted in the declaration, deed or plan, 24 25 regardless of settling or lateral movement of the building and regardless of minor variance between boundaries shown in the 26 declaration, deed, or plan and those of apartments in the building. 27
  - (2) "Apartment number" means the number, letter, or combination thereof, designating the apartment in the declaration as duly recorded or as it may be lawfully amended.
  - (3) "Apartment owner" means the person or persons owning an apartment, as herein defined, in fee simple absolute or qualified, by way of leasehold or by way of a periodic estate, or in any other manner in which real property may be owned, leased or possessed in this state, together with an undivided interest in a like estate of the common areas and facilities in the percentage specified and established in the declaration as duly recorded or as it may be lawfully amended.
  - (4) "Association of apartment owners" means all of the apartment owners acting as a group in accordance with the bylaws and with the

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- declaration as it is duly recorded or as they may be lawfully amended.
- 3 (5) "Building" means a building, containing two or more 4 apartments, or two or more buildings each containing one or more 5 apartments, and comprising a part of the property.
- 6 (6) "Common areas and facilities", unless otherwise provided in 7 the declaration as duly recorded or as it may be lawfully amended, 8 includes:
  - (a) The land on which the building is located;

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- 10 (b) The foundations, columns, girders, beams, supports, main 11 walls, roofs, halls, corridors, ((lobbys)) lobbies, stairs, 12 stairways, fire escapes, and entrances and exits of the building;
- 13 (c) The basements, yards, gardens, parking areas and storage 14 spaces;
- 15 (d) The premises for the lodging of janitors or persons in charge 16 of the property;
- 17 (e) The installations of central services such as power, light, 18 gas, hot and cold water, heating, refrigeration, air conditioning and 19 incinerating;
- 20 (f) The elevators, tanks, pumps, motors, fans, compressors, ducts 21 and in general all apparatus and installations existing for common 22 use;
- 23 (g) Such community and commercial facilities as may be provided 24 for in the declaration as duly recorded or as it may be lawfully 25 amended;
- 26 (h) All other parts of the property necessary or convenient to 27 its existence, maintenance and safety, or normally in common use.
  - (7) "Common expenses" include:
- 29 (a) All sums lawfully assessed against the apartment owners by 30 the association of apartment owners;
- 31 (b) Expenses of administration, maintenance, repair, or 32 replacement of the common areas and facilities;
- 33 (c) Expenses agreed upon as common expenses by the association of apartment owners;
- 35 (d) Expenses declared common expenses by the provisions of this 36 chapter, or by the declaration as it is duly recorded, or by the 37 bylaws, or as they may be lawfully amended.
- 38 (8) "Common profits" means the balance of all income, rents, 39 profits and revenues from the common areas and facilities remaining 40 after the deduction of the common expenses.

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(9) "Declaration" means the instrument by which the property is submitted to provisions of this chapter, as hereinafter provided, and as it may be, from time to time, lawfully amended.

- (10) "Electronic transmission" or "electronically transmitted" means any electronic communication not directly involving the physical transfer of a writing in a tangible medium, but that may be retained, retrieved, and reviewed by the sender and the recipient of the communication, and that may be directly reproduced in a tangible medium by a sender and recipient.
- (11) "Governing documents" means the organizational documents, declaration, rules, or other written instrument by which the association of apartment owners has the authority to exercise any of the powers provided for in this chapter or to manage, maintain, or otherwise affect the property under its jurisdiction.
- (12) "Land" means the material of the earth, whatever may be the ingredients of which it is composed, whether soil, rock, or other substance, whether or not submerged, and includes free or occupied space for an indefinite distance upwards as well as downwards, subject to limitations upon the use of airspace imposed, and rights in the use of the airspace granted, by the laws of this state or of the United States.
- (((12))) (13) "Limited common areas and facilities" includes those common areas and facilities designated in the declaration, as it is duly recorded or as it may be lawfully amended, as reserved for use of certain apartment or apartments to the exclusion of the other apartments.
- (((13))) (14) "Majority" or "majority of apartment owners" means the apartment owners with ((fifty-one)) 51 percent or more of the votes in accordance with the percentages assigned in the declaration, as duly recorded or as it may be lawfully amended, to the apartments for voting purposes.
- ((<del>(14)</del>)) (15) "Organizational documents" means the instruments filed with the secretary of state to create an entity and the instruments governing the internal affairs of the entity including, but not limited to, any articles of incorporation, certificate of formation, bylaws, and limited liability company or partnership agreement.
- 38 <u>(16)</u> "Percent of the apartment owners" means the apartment owners with the stated percent or more of the votes in accordance with the

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percentages assigned in the declaration, as duly recorded or as it may be lawfully amended, to the apartments for voting purposes.

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- (((15))) <u>(17)</u> "Person" includes any individual, corporation, partnership, association, trustee, or other legal entity.
- $((\frac{16}{16}))$  <u>(18)</u> "Property" means the land, the building, all 5 6 improvements and structures thereon, all owned in fee simple absolute or qualified, by way of leasehold or by way of a periodic estate, or 7 in any other manner in which real property may be owned, leased or 8 possessed in this state, and all easements, rights and appurtenances 9 belonging thereto, none of which shall be considered as a security or 10 11 security interest, and all articles of personalty intended for use in 12 connection therewith, which have been or are intended to be submitted to the provisions of this chapter. 13
- 14 ((<del>(17)</del>)) (19) "Record," when used as a noun, means information 15 inscribed on a tangible medium or contained in an electronic 16 transmission.
  - (20) "Rule" means a policy, guideline, restriction, procedure, or regulation of an association of apartment owners, however denominated, that is not set forth in the declaration or organizational documents and governs the conduct of persons or the use or appearance of property.
- 22 <u>(21)</u> "Tangible medium" means a writing, copy of a writing, 23 facsimile, or a physical reproduction, each on paper or on other 24 tangible material.
- 25 **Sec. 7.** RCW 64.32.170 and 1965 ex.s. c 11 s 5 are each amended to read as follows:
  - (1) The manager or board of directors, as the case may be, shall keep complete and accurate books and records of the receipts and expenditures affecting the common areas and facilities, specifying and itemizing the maintenance and repair expenses of the common areas and facilities and any other expenses incurred. Such books and records and the vouchers authorizing payments shall be available for examination by the apartment owners, their agents or attorneys, at any reasonable time or times. All books and records shall be kept in accordance with good accounting procedures and be audited at least once a year by an auditor outside of the organization.
- 37 (2) (a) The association of apartment owners must retain the 38 following:

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- 1 (i) A complete and accurate list of apartment owners, including the names of current apartment owners, listed telephone numbers, 2 3 addresses, and email addresses used by the association to communicate with them, and the number of votes allocated to each apartment; 4
- (ii) A complete and accurate list of the names, listed telephone 5 6 numbers, addresses, and email addresses of its current board of 7 directors and officers; and

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- (iii) Its original or restated declaration, organizational documents, all amendments to the declaration and organizational documents, and all rules currently in effect, including information regarding assessments.
- (b) Subject to (e) and (f) of this subsection, all records required to be retained by an association under this subsection must be made available for examination and copying to all apartment 14 owners, holders of mortgages on the apartments, and their respective authorized agents as follows, unless agreed otherwise:
- 17 (i) During reasonable business hours or at a mutually convenient 18 time and location; and
  - (ii) At the offices of the association or its managing agent.
- 20 (c) Information retained pursuant to (a) (iii) of this subsection 21 must be accessible on the association's website, if any.
  - (d) (i) A right to copy records under this subsection includes the right to receive copies by photocopying or other means, including through an electronic transmission if available upon request by the apartment owner.
  - (ii) The association must prioritize providing copies of records through an electronic transmission to an apartment owner's email address if available upon request by the apartment owner.
- 29 (e) Records retained by an association under this subsection may 30 be withheld from inspection and copying to the extent that they 31 concern:
  - (i) The unlisted telephone number of any apartment owner;
- 33 (ii) The email address of an apartment owner upon request of the 34 apartment owner to the association;
- (iii) Information the disclosure of which would violate a court 35 36 order or law; or
- 37 (iv) Agreements that for good cause prohibit disclosure.
- (f)(i) The association may charge the actual cost for producing 38 and providing physical copies of any records under this subsection 39 40 and for supervising the apartment owner's inspection.

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- 1 <u>(ii) The association may not charge any costs for providing</u>
  2 <u>copies of any records under this subsection through an electronic</u>
  3 <u>transmission.</u>
- 4 (g) Information provided pursuant to this subsection may not be used for commercial purposes.
  - Sec. 8. RCW 64.32.200 and 2021 c 222 s 4 are each amended to read as follows:

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- (1) The declaration may provide for the collection of all sums assessed by the association of apartment owners for the share of the common expenses chargeable to any apartment and the collection may be enforced in any manner provided in the declaration including, but not limited to, (a) ((ten)) 10 days notice shall be given the delinquent apartment owner to the effect that unless such assessment is paid within ((ten)) 10 days any or all utility services will be forthwith severed and shall remain severed until such assessment is paid, or (b) collection of such assessment may be made by such lawful method of enforcement, judicial or extra-judicial, as may be provided in the declaration and/or bylaws, except for nonjudicial foreclosure in the manner set forth under chapter 61.24 RCW for nonjudicial foreclosure of deeds of trust.
- (2) All sums assessed by the association of apartment owners but unpaid for the share of the common expenses chargeable to any apartment shall constitute a lien on such apartment prior to all other liens except only (a) tax liens on the apartment in favor of any assessing unit and/or special district, and (b) all sums unpaid on all mortgages of record. Such lien is not subject to the ban against execution or forced sales of homesteads under RCW 6.13.080 and, subject to the provisions in subsection (4) of this section, may be foreclosed ((by suit)) judicially in the manner set forth in chapter 61.12 RCW by the manager or board of directors, acting on behalf of the apartment owners, in like manner as a mortgage of real property. In any such foreclosure the apartment owner shall be required to pay a reasonable rental for the apartment, if so provided in the bylaws, and the plaintiff in such foreclosures shall be entitled to the appointment of a receiver to collect the same. The manager or board of directors, acting on behalf of the apartment owners, shall have power, unless prohibited by the declaration, to bid on the apartment at foreclosure sale, and to acquire and hold, lease, mortgage, and convey the same. Upon an express waiver in the

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- complaint of any right to a deficiency judgment, the period of redemption shall be eight months after the sale. Suit to recover any judgment for any unpaid common expenses shall be maintainable without foreclosing or waiving the liens securing the same.
  - (3) Where the mortgagee of a mortgage of record or other purchaser of an apartment obtains possession of the apartment as a result of foreclosure of the mortgage, such possessor, his or her successors and assigns shall not be liable for the share of the common expenses or assessments by the association of apartment owners chargeable to such apartment which became due prior to such possession. Such unpaid share of common expenses of assessments shall be deemed to be common expenses collectible from all of the apartment owners including such possessor, his or her successors and assigns.
  - (4) An association, or the manager or board of directors on its behalf, may not commence an action to foreclose a lien on an apartment under this section unless:
  - (a) The apartment owner, at the time the action is commenced, owes at least a sum equal to the greater of:
  - (i) Three months or more of assessments, not including fines, late charges, interest, attorneys' fees, or costs incurred by the association in connection with the collection of a delinquent owner's account; or
  - (ii) \$200 of assessments, not including fines, late charges, interest, attorneys' fees, or costs incurred by the association in connection with the collection of a delinquent owner's account;
  - (b) At or after the date that assessments have become past due for at least 90 days, the association has mailed, by first-class mail, to the owner, at the apartment address and to any other address which the owner has provided to the association, a notice of delinquency, which shall state as follows:
- THIS IS A NOTICE OF DELINQUENCY FOR PAST DUE ASSESSMENTS

  FROM THE APARTMENT OWNERS' ASSOCIATION TO WHICH YOUR HOME BELONGS.
- 33 THIS NOTICE IS ONE STEP IN A PROCESS THAT COULD RESULT IN YOUR LOSING YOUR HOME.
- 35 CONTACT A HOUSING COUNSELOR OR AN ATTORNEY LICENSED IN WASHINGTON NOW
- 36 to assess your situation and refer you to mediation if you might
- 37 benefit. **DO NOT DELAY**.

- **BE CAREFUL** of people who claim they can help you. There are many
- 39 individuals and businesses that prey upon borrowers in distress.

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## REFER TO THE CONTACTS BELOW for sources of assistance.

2 SEEKING ASSISTANCE

3 Housing counselors and legal assistance may be available at 4 little or no cost to you. If you would like assistance in determining 5 your rights and opportunities to keep your house, you may contact the 6 following:

The statewide foreclosure hotline for assistance and referral to 7 housing counselors recommended by the Housing Finance Commission 8

- 9 Telephone: . . . . . . Website: . . . . .
- The United States Department of Housing and Urban Development 10
- Telephone: . . . . . . Website: . . . . . 11
- statewide civil legal aid hotline for 12 assistance and
- 13 referrals to other housing counselors and attorneys
- 14 Telephone: . . . . . . Website: . . . . .
- The association shall obtain the toll-free numbers and website 15
- information from the department of commerce for inclusion in the 16
- 17 notice;

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- (c) At least 90 days have elapsed from the date the minimum 18
- amount required in (a) of this subsection has accrued; and 19
- 20 (d) The board approves commencement of a foreclosure action 21 specifically against that apartment.
- (5) Every aspect of a collection, foreclosure, sale, or other 22
- conveyance under this section, including the method, advertising, time, date, place, and terms, must be commercially reasonable. 24
- 25 Sec. 9. A new section is added to chapter 64.32 NEW SECTION.
- 26 RCW to read as follows: 27 (1) The attorney general may issue a cease and desist letter to
- any association of apartment owners or agent of an association of 28
- apartment owners to restrain and prevent a pattern of failure to 29
- 30 follow the requirements of this chapter. If the recipient of a cease
- 31 and desist letter does not comply within five calendar days of
- receipt of the letter, the attorney general may file an action in 32
- superior court at any time thereafter to enforce the cease and desist 33
- letter. If the court finds that the association of apartment owners 34
- 35 or agent of an association of apartment owners violated this chapter
- 36 and failed to comply with a cease and desist letter, the court shall
- 37 enjoin the association of apartment owners or agent of the
- 38 association of apartment owners from engaging in conduct that

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violates this chapter and shall impose a civil penalty of not more than \$5,000 per violation of the cease and desist letter. In any successful action to enforce a cease and desist letter under this chapter, the court shall award the attorney general the costs of bringing the action, including reasonable investigative costs and reasonable attorneys' fees. The remedies under this subsection are in addition to any other remedies a court may order under subsection (2) of this section. 

- (2) The legislature finds that the practices covered by this chapter are matters vitally affecting the public interest for the purpose of applying the consumer protection act, chapter 19.86 RCW. A pattern of violations of this chapter by an association of apartment owners or an agent of an association of apartment owners, evidenced by the issuance of two or more cease and desist letters pursuant to subsection (1) of this section, is not reasonable in relation to the development and preservation of business and is an unfair or deceptive act in trade or commerce and an unfair method of competition for purposes of applying the consumer protection act, chapter 19.86 RCW.
- 20 (3) Remedies provided by chapter 19.86 RCW are cumulative and not exclusive.
- Sec. 10. RCW 64.34.020 and 2021 c 227 s 4 are each reenacted and amended to read as follows:

In the declaration and bylaws, unless specifically provided otherwise or the context requires otherwise, and in this chapter:

(1) "Affiliate" means any person who controls, is controlled by, or is under common control with the referenced person. A person "controls" another person if the person: (a) Is a general partner, officer, director, or employer of the referenced person; (b) directly or indirectly or acting in concert with one or more other persons, or through one or more subsidiaries, owns, controls, holds with power to vote, or holds proxies representing, more than twenty percent of the voting interest in the referenced person; (c) controls in any manner the election of a majority of the directors of the referenced person; or (d) has contributed more than twenty percent of the capital of the referenced person. A person "is controlled by" another person if the other person: (i) Is a general partner, officer, director, or employer of the person; (ii) directly or indirectly or acting in concert with one or more other persons, or through one or more

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subsidiaries, owns, controls, holds with power to vote, or holds proxies representing, more than ((twenty)) 20 percent of the voting interest in the person; (iii) controls in any manner the election of a majority of the directors of the person; or (iv) has contributed more than ((twenty)) 20 percent of the capital of the person. Control does not exist if the powers described in this subsection are held solely as security for an obligation and are not exercised.

- (2) "Allocated interests" means the undivided interest in the common elements, the common expense liability, and votes in the association allocated to each unit.
- (3) "Assessment" means all sums chargeable by the association against a unit including, without limitation: (a) Regular and special assessments for common expenses, charges, and fines imposed by the association; (b) interest and late charges on any delinquent account; and (c) costs of collection, including reasonable attorneys' fees, incurred by the association in connection with the collection of a delinquent owner's account.
- (4) "Association" or "unit owners' association" means the unit owners' association organized under RCW 64.34.300.
- (5) "Baseline funding plan" means establishing a reserve funding goal of maintaining a reserve account balance above ((zero dollars)) \$0 throughout the ((thirty-year)) 30-year study period described under RCW 64.34.380.
- 24 (6) "Board of directors" means the body, regardless of name, with 25 primary authority to manage the affairs of the association.
  - (7) "Common elements" means all portions of a condominium other than the units.
  - (8) "Common expense liability" means the liability for common expenses allocated to each unit pursuant to RCW 64.34.224.
- 30 (9) "Common expenses" means expenditures made by or financial liabilities of the association, together with any allocations to reserves.
  - (10) "Condominium" means real property, portions of which are designated for separate ownership and the remainder of which is designated for common ownership solely by the owners of those portions. Real property is not a condominium unless the undivided interests in the common elements are vested in the unit owners, and unless a declaration and a survey map and plans have been recorded pursuant to this chapter.

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- (11) "Contribution rate" means, in a reserve study as described in RCW 64.34.380, the amount contributed to the reserve account so that the association will have cash reserves to pay major maintenance, repair, or replacement costs without the need of a special assessment.
- 6 (12) "Conversion condominium" means a condominium (a) that at any time before creation of the condominium was lawfully occupied wholly 7 or partially by a tenant or subtenant for residential purposes 8 pursuant to a rental agreement, oral or written, express or implied, 9 for which the tenant or subtenant had not received the notice 10 described in (b) of this subsection; or (b) that, at any time within 11 12 twelve months before the conveyance of, or acceptance of an agreement to convey, any unit therein other than to a declarant or any 13 affiliate of a declarant, was lawfully occupied wholly or partially 14 by a residential tenant of a declarant or an affiliate of a declarant 15 and such tenant was not notified in writing, prior to lawfully 16 occupying a unit or executing a rental agreement, whichever event 17 first occurs, that the unit was part of a condominium and subject to 18 sale. "Conversion condominium" shall not include a condominium in 19 which, before July 1, 1990, any unit therein had been conveyed or 20 21 been made subject to an agreement to convey to any transferee other than a declarant or an affiliate of a declarant. 22
  - (13) "Conveyance" means any transfer of the ownership of a unit, including a transfer by deed or by real estate contract and, with respect to a unit in a leasehold condominium, a transfer by lease or assignment thereof, but shall not include a transfer solely for security.
    - (14) "Dealer" means a person who, together with such person's affiliates, owns or has a right to acquire either six or more units in a condominium or ((fifty)) 50 percent or more of the units in a condominium containing more than two units.
      - (15) "Declarant" means:

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- (a) Any person who executes as declarant a declaration as defined in subsection (17) of this section; or
- 35 (b) Any person who reserves any special declarant right in the 36 declaration; or
- 37 (c) Any person who exercises special declarant rights or to whom special declarant rights are transferred; or
- 39 (d) Any person who is the owner of a fee interest in the real 40 property which is subjected to the declaration at the time of the

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recording of an instrument pursuant to RCW 64.34.316 and who directly or through one or more affiliates is materially involved in the construction, marketing, or sale of units in the condominium created by the recording of the instrument.

- (16) "Declarant control" means the right of the declarant or persons designated by the declarant to appoint and remove officers and members of the board of directors, or to veto or approve a proposed action of the board or association, pursuant to RCW 64.34.308 (5) or (6).
- 10 (17) "Declaration" means the document, however denominated, that 11 creates a condominium by setting forth the information required by 12 RCW 64.34.216 and any amendments to that document.
  - (18) "Development rights" means any right or combination of rights reserved by a declarant in the declaration to: (a) Add real property or improvements to a condominium; (b) create units, common elements, or limited common elements within real property included or added to a condominium; (c) subdivide units or convert units into common elements; (d) withdraw real property from a condominium; or (e) reallocate limited common elements with respect to units that have not been conveyed by the declarant.
  - (19) "Dispose" or "disposition" means a voluntary transfer or conveyance to a purchaser or lessee of any legal or equitable interest in a unit, but does not include the transfer or release of a security interest.
  - (20) "Effective age" means the difference between the estimated useful life and remaining useful life.
    - (21) "Electronic transmission" or "electronically transmitted" means any electronic communication not directly involving the physical transfer of a writing in a tangible medium, but that may be retained, retrieved, and reviewed by the sender and the recipient of the communication, and that may be directly reproduced in a tangible medium by a sender and recipient.
    - (22) "Eligible mortgagee" means the holder of a mortgage on a unit that has filed with the secretary of the association a written request that it be given copies of notices of any action by the association that requires the consent of mortgagees.
- 37 (23) "Foreclosure" means a forfeiture or judicial or nonjudicial 38 foreclosure of a mortgage or a deed in lieu thereof.
  - (24) "Full funding plan" means setting a reserve funding goal of achieving ((one hundred)) 100 percent fully funded reserves by the

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end of the ((thirty-year)) 30-year study period described under RCW 64.34.380, in which the reserve account balance equals the sum of the deteriorated portion of all reserve components.

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- (25) "Fully funded balance" means the current value of the deteriorated portion, not the total replacement value, of all the reserve components. The fully funded balance for each reserve component is calculated by multiplying the current replacement cost of that reserve component by its effective age, then dividing the result by that reserve component's useful life. The sum total of all reserve components' fully funded balances is the association's fully funded balance.
- (26) "Governing documents" means the organizational documents, declaration, rules, or other written instruments by which the association has the authority to exercise any of the powers provided for in this chapter or to manage, maintain, or otherwise affect the property under its jurisdiction.
- 17 <u>(27)</u> "Identifying number" means the designation of each unit in a condominium.
- 19 ((<del>(27)</del>)) <u>(28)</u> "Leasehold condominium" means a condominium in 20 which all or a portion of the real property is subject to a lease, 21 the expiration or termination of which will terminate the condominium 22 or reduce its size.
  - $((\frac{(28)}{)})$   $\underline{(29)}$  "Limited common element" means a portion of the common elements allocated by the declaration or by operation of RCW 64.34.204 (2) or (4) for the exclusive use of one or more but fewer than all of the units.
  - $((\frac{(29)}{(29)}))$  <u>(30)</u> "Master association" means an organization described in RCW 64.34.276, whether or not it is also an association described in RCW 64.34.300.
- 30  $((\frac{30}{30}))$  <u>(31)</u> "Mortgage" means a mortgage, deed of trust or real estate contract.
- ((<del>(31)</del>)) (32) "Organizational documents" means the instruments filed with the secretary of state to create an entity and the instruments governing the internal affairs of the entity including, but not limited to, any articles of incorporation, certificate of formation, bylaws, and limited liability company or partnership agreement.
- 38 <u>(33)</u> "Person" means a natural person, corporation, partnership, 39 limited partnership, trust, governmental subdivision or agency, or 40 other legal entity.

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 $((\frac{32}{1}))$  (34) "Purchaser" means any person, other than a declarant or a dealer, who by means of a disposition acquires a legal or equitable interest in a unit other than (a) a leasehold interest, including renewal options, of less than  $(\frac{1}{2})$  years at the time of creation of the unit, or (b) as security for an obligation.

- ((<del>(33)</del>)) <u>(35)</u> "Real property" means any fee, leasehold or other estate or interest in, over, or under land, including structures, fixtures, and other improvements thereon and easements, rights and interests appurtenant thereto which by custom, usage, or law pass with a conveyance of land although not described in the contract of sale or instrument of conveyance. "Real property" includes parcels, with or without upper or lower boundaries, and spaces that may be filled with air or water.
- 14 ((<del>(34)</del>)) <u>(36) "Record," when used as a noun, means information</u>
  15 <u>inscribed on a tangible medium or contained in an electronic</u>
  16 transmission.
  - (37) "Remaining useful life" means the estimated time, in years, before a reserve component will require major maintenance, repair, or replacement to perform its intended function.
- $((\frac{35}{)})$  <u>(38)</u> "Replacement cost" means the current cost of replacing, repairing, or restoring a reserve component to its original functional condition.
  - ((<del>(36)</del>)) <u>(39)</u> "Reserve component" means a common element whose cost of maintenance, repair, or replacement is infrequent, significant, and impractical to include in an annual budget.
  - $((\frac{37}{1}))$  (40) "Reserve study professional" means an independent person who is suitably qualified by knowledge, skill, experience, training, or education to prepare a reserve study in accordance with RCW 64.34.380 and 64.34.382.
- (((38))) (41) "Residential purposes" means use for dwelling or 31 recreational purposes, or both.
- ((<del>(39)</del>)) (42) "Rule" means a policy, guideline, restriction, procedure, or regulation of an association, however denominated, that is not set forth in the declaration or organizational documents and governs the conduct of persons or the use or appearance of property.
- 36 <u>(43)</u> "Significant assets" means that the current total cost of major maintenance, repair, and replacement of the reserve components is ((<del>fifty</del>)) <u>50</u> percent or more of the gross budget of the association, excluding reserve account funds.

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1 (((40))) (44) "Special declarant rights" means rights reserved for the benefit of a declarant to: (a) Complete improvements 2 indicated on survey maps and plans filed with the declaration under 3 RCW 64.34.232; (b) exercise any development right under RCW 4 64.34.236; (c) maintain sales offices, management offices, signs 5 6 advertising the condominium, and models under RCW 64.34.256; (d) use 7 easements through the common elements for the purpose of making improvements within the condominium or within real property which may 8 be added to the condominium under RCW 64.34.260; (e) make the 9 condominium part of a larger condominium or a development under RCW 10 11 64.34.280; (f) make the condominium subject to a master association 12 under RCW 64.34.276; or (g) appoint or remove any officer of the association or any master association or any member of the board of 13 14 directors, or to veto or approve a proposed action of the board or association, during any period of declarant control under RCW 15 16 64.34.308(5).

 $((\frac{41}{1}))$  <u>(45)</u> "Tangible medium" means a writing, copy of a writing, facsimile, or a physical reproduction, each on paper or on other tangible material.

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((42))) <u>(46)</u> "Timeshare" shall have the meaning specified in the timeshare act, RCW 64.36.010(11).

(((43))) <u>(47)</u> "Unit" means a physical portion of the condominium designated for separate ownership, the boundaries of which are described pursuant to RCW 64.34.216(1)(d). "Separate ownership" includes leasing a unit in a leasehold condominium under a lease that expires contemporaneously with any lease, the expiration or termination of which will remove the unit from the condominium.

((<del>(44)</del>)) <u>(48)</u> "Unit owner" means a declarant or other person who owns a unit or leases a unit in a leasehold condominium under a lease that expires simultaneously with any lease, the expiration or termination of which will remove the unit from the condominium, but does not include a person who has an interest in a unit solely as security for an obligation. "Unit owner" means the vendee, not the vendor, of a unit under a real estate contract.

 $((\frac{(45)}{)})$   $\underline{(49)}$  "Useful life" means the estimated time, between years, that major maintenance, repair, or replacement is estimated to occur.

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

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- 1 (1) Except as provided in subsection (2) of this section, and 2 subject to the provisions of the declaration, the association may:
  - (a) Adopt and amend bylaws, rules, and regulations;
  - (b) Adopt and amend budgets for revenues, expenditures, and reserves, and impose and collect assessments for common expenses from unit owners;
  - (c) Hire and discharge or contract with managing agents and other employees, agents, and independent contractors;
- 9 (d) Institute, defend, or intervene in litigation or 10 administrative proceedings in its own name on behalf of itself or two 11 or more unit owners on matters affecting the condominium;
  - (e) Make contracts and incur liabilities;

- 13 (f) Regulate the use, maintenance, repair, replacement, and 14 modification of common elements;
  - (g) Cause additional improvements to be made as a part of the common elements;
    - (h) Acquire, hold, encumber, and convey in its own name any right, title, or interest to real or personal property, but common elements may be conveyed or subjected to a security interest only pursuant to RCW 64.34.348;
    - (i) Grant easements, leases, licenses, and concessions through or over the common elements and petition for or consent to the vacation of streets and alleys;
    - (j) Impose and collect any payments, fees, or charges for the use, rental, or operation of the common elements, other than limited common elements described in RCW 64.34.204 (2) and (4), and for services provided to unit owners;
    - (k) Impose and collect charges for late payment of assessments pursuant to RCW 64.34.364((\(\frac{(13)}{(13)}\))) (12) and, after notice and an opportunity to be heard by the board of directors or by such representative designated by the board of directors and in accordance with such procedures as provided in the declaration or bylaws or rules and regulations adopted by the board of directors, levy reasonable fines in accordance with a previously established schedule thereof adopted by the board of directors and furnished to the owners for violations of the declaration, bylaws, and rules and regulations of the association;
  - (1) Impose and collect reasonable charges for the preparation and recording of amendments to the declaration, resale certificates required by RCW 64.34.425, and statements of unpaid assessments;

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

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- (n) Assign its right to future income, including the right to receive common expense assessments, but only to the extent the declaration provides;
- (o) Join in a petition for the establishment of a parking and business improvement area, participate in the ratepayers' board or other advisory body set up by the legislative authority for operation of a parking and business improvement area, and pay special assessments levied by the legislative authority on a parking and business improvement area encompassing the condominium property for activities and projects which benefit the condominium directly or indirectly;
- 14 (p) Establish and administer a reserve account as described in 15 RCW 64.34.380;
  - (q) Prepare a reserve study as described in RCW 64.34.380;
- 17 (r) Exercise any other powers conferred by the declaration or 18 bylaws;
- 19 (s) Exercise all other powers that may be exercised in this state 20 by the same type of corporation as the association; and
- 21 (t) Exercise any other powers necessary and proper for the 22 governance and operation of the association.
- 23 (2) The declaration may not impose limitations on the power of 24 the association to deal with the declarant which are more restrictive 25 than the limitations imposed on the power of the association to deal 26 with other persons.
- 27 **Sec. 12.** RCW 64.34.364 and 2021 c 222 s 6 are each amended to 28 read as follows:
- 29 (1) The association has a lien on a unit for any unpaid 30 assessments levied against a unit from the time the assessment is 31 due.
- (2) A lien under this section shall be prior to all other liens 32 33 and encumbrances on a unit except: (a) Liens and encumbrances recorded before the recording of the declaration; (b) a mortgage on 34 35 the unit recorded before the date on which the assessment sought to be enforced became delinquent; and (c) liens for real property taxes 36 37 and other governmental assessments or charges against the unit. A lien under this section is not subject to the provisions of chapter 38 6.13 RCW. 39

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(3) Except as provided in ((subsections)) subsection (4) ((and (5))) of this section, the lien shall also be prior to the mortgages described in subsection (2)(b) of this section to the extent of assessments for common expenses, excluding any amounts for capital improvements, based on the periodic budget adopted by the association pursuant to RCW 64.34.360(1) which would have become due during the six months immediately preceding the date of a sheriff's sale in an action for judicial foreclosure by either the association or a mortgagee, the date of a trustee's sale in a nonjudicial foreclosure by a mortgagee, or the date of recording of the declaration of forfeiture in a proceeding by the vendor under a real estate contract.

- (4) The priority of the association's lien against units encumbered by a mortgage held by an eligible mortgagee or by a mortgagee which has given the association a written request for a notice of delinquent assessments shall be reduced by up to three months if and to the extent that the lien priority under subsection (3) of this section includes delinquencies which relate to a period after such holder becomes an eligible mortgagee or has given such notice and before the association gives the holder a written notice of the delinquency. This subsection does not affect the priority of mechanics' or material suppliers' liens, or the priority of liens for other assessments made by the association.
- (5) ((If the association forecloses its lien under this section nonjudicially pursuant to chapter 61.24 RCW, as provided by subsection (9) of this section, the association shall not be entitled to the lien priority provided for under subsection (3) of this section.
- (6)) Unless the declaration otherwise provides, if two or more associations have liens for assessments created at any time on the same real estate, those liens have equal priority.
- ((<del>(1)</del>)) (6) Recording of the declaration constitutes record notice and perfection of the lien for assessments. While no further recording of any claim of lien for assessment under this section shall be required to perfect the association's lien, the association may record a notice of claim of lien for assessments under this section in the real property records of any county in which the condominium is located. Such recording shall not constitute the written notice of delinquency to a mortgagee referred to in subsection (2) of this section.

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((+8))) (7) A lien for unpaid assessments and the personal liability for payment of assessments is extinguished unless proceedings to enforce the lien or collect the debt are instituted within three years after the amount of the assessments sought to be recovered becomes due.

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(((+9))) (8) The lien arising under this section may be enforced judicially by the association or its authorized representative in the manner set forth in chapter 61.12 RCW. ((The lien arising under this section may be enforced nonjudicially in the manner set forth in chapter 61.24 RCW for nonjudicial foreclosure of deeds of trust if the declaration (a) contains a grant of the condominium in trust to a trustee qualified under RCW 61.24.010 to secure the obligations of the unit owners to the association for the payment of assessments, (b) contains a power of sale, (c) provides in its terms that the units are not used principally for agricultural or farming purposes, and (d) provides that the power of sale is operative in the case of a default in the obligation to pay assessments.)) The association or its authorized representative shall have the power, unless prohibited by the declaration, to purchase the unit at the foreclosure sale and to acquire, hold, lease, mortgage, or convey the same. Upon an express waiver in the complaint of any right to a deficiency judgment in a judicial foreclosure action, the period of redemption shall be eight months. Nothing in this section shall prohibit an association from taking a deed in lieu of foreclosure.

((\(\frac{(10)}\))) (9) From the time of commencement of an action by the association to foreclose a lien for nonpayment of delinquent assessments against a unit that is not occupied by the owner thereof, the association shall be entitled to the appointment of a receiver to collect from the lessee thereof the rent for the unit as and when due. If the rental is not paid, the receiver may obtain possession of the unit, refurbish it for rental up to a reasonable standard for rental units in this type of condominium, rent the unit or permit its rental to others, and apply the rents first to the cost of the receivership and attorneys' fees thereof, then to the cost of refurbishing the unit, then to applicable charges, then to costs, fees, and charges of the foreclosure action, and then to the payment of the delinquent assessments. Only a receiver may take possession and collect rents under this subsection, and a receiver shall not be appointed less than ((minety)) 90 days after the delinquency. The

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exercise by the association of the foregoing rights shall not affect the priority of preexisting liens on the unit.

((\(\frac{(11)}{11}\))) (10) Except as provided in subsection (3) of this section, the holder of a mortgage or other purchaser of a unit who obtains the right of possession of the unit through foreclosure shall not be liable for assessments or installments thereof that became due prior to such right of possession. Such unpaid assessments shall be deemed to be common expenses collectible from all the unit owners, including such mortgagee or other purchaser of the unit. Foreclosure of a mortgage does not relieve the prior owner of personal liability for assessments accruing against the unit prior to the date of such sale as provided in this subsection.

((\(\frac{(12)}{)}\)) (11) In addition to constituting a lien on the unit, each assessment shall be the joint and several obligation of the owner or owners of the unit to which the same are assessed as of the time the assessment is due. In a voluntary conveyance, the grantee of a unit shall be jointly and severally liable with the grantor for all unpaid assessments against the grantor up to the time of the grantor's conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefor. Suit to recover a personal judgment for any delinquent assessment shall be maintainable in any court of competent jurisdiction without foreclosing or waiving the lien securing such sums.

 $((\frac{13}{13}))$  (12) The association may from time to time establish reasonable late charges and a rate of interest to be charged on all subsequent delinquent assessments or installments thereof. In the absence of another established nonusurious rate, delinquent assessments shall bear interest from the date of delinquency at the maximum rate permitted under RCW 19.52.020 on the date on which the assessments became delinquent.

(((14))) (13) The association shall be entitled to recover any costs and reasonable attorneys' fees incurred in connection with the collection of delinquent assessments, whether or not such collection activities result in suit being commenced or prosecuted to judgment. In addition, the association shall be entitled to recover costs and reasonable attorneys' fees if it prevails on appeal and in the enforcement of a judgment.

(((15))) (14) The association upon written request shall furnish to a unit owner or a mortgagee a statement signed by an officer or authorized agent of the association setting forth the amount of

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- unpaid assessments against that unit. The statement shall be furnished within ((fifteen)) 15 days after receipt of the request and is binding on the association, the board of directors, and every unit owner, unless and to the extent known by the recipient to be false.
- 5 ((<del>(16)</del>)) <u>(15)</u> To the extent not inconsistent with this section, 6 the declaration may provide for such additional remedies for 7 collection of assessments as may be permitted by law.
- 8 (((17))) (16) An association may not commence an action to foreclose a lien on a unit under this section unless:
- 10 (a) The unit owner, at the time the action is commenced, owes at 11 least a sum equal to the greater of:
  - (i) Three months or more of assessments, not including fines, late charges, interest, attorneys' fees, or costs incurred by the association in connection with the collection of a delinquent owner's account; or
  - (ii) \$200 of assessments, not including fines, late charges, interest, attorneys' fees, or costs incurred by the association in connection with the collection of a delinquent owner's account;
- 19 (b) At or after the date that assessments have become past due 20 for at least 90 days, the association has mailed, by first-class 21 mail, to the owner, at the unit address and to any other address 22 which the owner has provided to the association, a notice of 23 delinquency, which shall state as follows:

## 24 THIS IS A NOTICE OF DELINQUENCY FOR PAST DUE ASSESSMENTS 25 FROM THE UNIT OWNERS' ASSOCIATION TO WHICH YOUR HOME BELONGS.

- 26 THIS NOTICE IS ONE STEP IN A PROCESS THAT COULD RESULT IN YOUR LOSING YOUR HOME.
- 28 CONTACT A HOUSING COUNSELOR OR AN ATTORNEY LICENSED IN WASHINGTON NOW
- 29 to assess your situation and refer you to mediation if you might
- 30 benefit. **DO NOT DELAY**.
- 31 **BE CAREFUL** of people who claim they can help you. There are many
- 32 individuals and businesses that prey upon borrowers in distress.
- 33 **REFER TO THE CONTACTS BELOW** for sources of assistance.

## 34 SEEKING ASSISTANCE

- Housing counselors and legal assistance may be available at little or no cost to you. If you would like assistance in determining
- 37 your rights and opportunities to keep your house, you may contact the

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1 The statewide foreclosure hotline for assistance and referral to 2 housing counselors recommended by the Housing Finance Commission 3

Telephone: . . . . . . Website: . . . . .

- The United States Department of Housing and Urban Development 4
- Telephone: . . . . . . Website: . . . . . 5
- 6 The statewide civil legal aid hotline for assistance and 7 referrals to other housing counselors and attorneys
- Telephone: . . . . . . Website: . . . . . 8

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- 9 The association shall obtain the toll-free numbers and website 10 information from the department of commerce for inclusion in the 11 notice;
- 12 (c) At least 90 days have elapsed from the date the minimum 13 amount required in (a) of this subsection has accrued; and
- 14 (d) The board approves commencement of a foreclosure action specifically against that unit. 15
- (((18))) <u>(17)</u> Every aspect of a collection, foreclosure, sale, or 16 17 other conveyance under this section, including the method, 18 advertising, time, date, place, and terms, must be commercially 19 reasonable.
- **Sec. 13.** RCW 64.34.372 and 1992 c 220 s 19 are each amended to 20 21 read as follows:
  - (1) The association shall keep financial records sufficiently detailed to enable the association to comply with RCW 64.34.425. All financial and other records of the association, including but not limited to checks, bank records, and invoices, are the property of the association, but shall be made reasonably available for examination and copying by the manager of the association, any unit owner, or the owner's authorized agents. At least annually, the association shall prepare, or cause to be prepared, a financial statement of the association in accordance with generally accepted accounting principles. The financial statements of condominiums consisting of ((fifty)) or more units shall be audited at least annually by a certified public accountant. In the case of a condominium consisting of fewer than ((fifty)) 50 units, an annual audit is also required but may be waived annually by unit owners other than the declarant of units to which ((sixty)) 60 percent of the votes are allocated, excluding the votes allocated to units owned by the declarant.

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- (2) The funds of an association shall be kept in accounts in the name of the association and shall not be commingled with the funds of any other association, nor with the funds of any manager of the association or any other person responsible for the custody of such funds. Any reserve funds of an association shall be kept in a segregated account and any transaction affecting such funds, including the issuance of checks, shall require the signature of at least two persons who are officers or directors of the association.
  - (3) (a) The association must retain the following:

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- (i) A complete and accurate list of unit owners, including the
  names of current unit owners, listed telephone numbers, addresses,
  and email addresses used by the association to communicate with them,
  and the number of votes allocated to each unit;
  - (ii) A complete and accurate list of the names, listed telephone numbers, addresses, and email addresses of its current board of directors and officers; and
  - (iii) Its original or restated declaration, organizational documents, all amendments to the declaration and organizational documents, and all rules currently in effect, including information regarding assessments.
  - (b) Subject to (e) and (f) of this subsection, all records required to be retained by an association under this subsection must be made available for examination and copying to all unit owners, holders of mortgages on the apartments, and their respective authorized agents as follows, unless agreed otherwise:
  - (i) During reasonable business hours or at a mutually convenient time and location; and
    - (ii) At the offices of the association or its managing agent.
- 29 <u>(c) Information retained pursuant to (a)(iii) of this subsection</u>
  30 must be accessible on the association's website, if any.
- 31 (d) (i) A right to copy records under this subsection includes the 32 right to receive copies by photocopying or other means, including 33 through an electronic transmission if available upon request by the 34 unit owner.
- (ii) The association must prioritize providing copies of records through an electronic transmission to a unit owner's email address if available upon request by the unit owner.
- (e) Records retained by an association under this subsection may
  be withheld from inspection and copying to the extent that they
  concern:

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1 (i) The unlisted telephone number of any unit owner;

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- 2 <u>(ii) The email address of a unit owner upon request of the unit</u> 3 <u>owner to the association;</u>
- 4 <u>(iii) Information the disclosure of which would violate a court</u> 5 <u>order or law; or</u>
  - (iv) Agreements that for good cause prohibit disclosure.
- 7 (f) (i) The association may charge the actual cost for producing 8 and providing copies of any records under this subsection and for 9 supervising the unit owner's inspection.
- 10 <u>(ii) The association may not charge any costs for providing</u>
  11 <u>copies of any records under this subsection through an electronic</u>
  12 transmission.
- 13 (g) Information provided pursuant to this subsection may not be 14 used for commercial purposes.
- 15 **Sec. 14.** RCW 64.34.420 and 1989 c 43 s 4-106 are each amended to 16 read as follows:
  - (1) A person required to deliver a public offering statement pursuant to RCW 64.34.405(3) shall provide a purchaser of a unit with a copy of the public offering statement and all material amendments thereto before conveyance of that unit. Unless a purchaser is given the public offering statement <u>before mutual acceptance of a written</u> agreement between the purchaser and the offeror for the purchase and sale of a unit upon request of the purchaser, or more than seven days before execution of a contract for the purchase of a unit, the purchaser, before conveyance, shall have the right to cancel the contract within seven days after first receiving the public offering statement and, if necessary to have seven days to review the public offering statement and cancel the contract, to extend the closing date for conveyance to a date not more than seven days after first receiving the public offering statement. The purchaser shall have no right to cancel the contract upon receipt of an amendment unless the purchaser would have that right under generally applicable legal principles.
  - (2) If a purchaser elects to cancel a contract pursuant to subsection (1) of this section, the purchaser may do so by hand-delivering notice thereof to the offeror or by mailing notice thereof by prepaid United States mail to the offeror or to his or her agent for service of process. Cancellation is without penalty, and all

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1 payments made by the purchaser before cancellation shall be refunded 2 promptly.

- (3) If a person required to deliver a public offering statement pursuant to RCW 64.34.405(3) fails to provide a purchaser to whom a unit is conveyed with that public offering statement and all material amendments thereto as required by subsection (1) of this section, the purchaser is entitled to receive from that person an amount equal to the greater of (a) actual damages, or (b) ten percent of the sales price of the unit for a willful failure by the declarant or three percent of the sales price of the unit for any other failure. There shall be no liability for failure to deliver any amendment unless such failure would have entitled the purchaser under generally applicable legal principles to cancel the contract for the purchase of the unit had the undisclosed information been evident to the purchaser before the closing of the purchase.
- **Sec. 15.** RCW 64.34.425 and 2022 c 27 s 5 are each amended to read as follows:
  - (1) Except in the case of a sale where delivery of a public offering statement is required, or unless exempt under RCW 64.34.400(2), a unit owner shall furnish to a purchaser either before mutual acceptance of a written agreement between the purchaser and the unit owner for the purchase and sale of a unit upon request of the purchaser, or before execution of any contract for sale of a unit, or otherwise before conveyance, a resale certificate, signed by an officer or authorized agent of the association and based on the books and records of the association and the actual knowledge of the person signing the certificate, containing:
  - (a) A statement disclosing any right of first refusal or other restraint on the free alienability of the unit contained in the declaration;
  - (b) A statement setting forth the amount of the monthly common expense assessment and any unpaid common expense or special assessment currently due and payable from the selling unit owner and a statement of any special assessments that have been levied against the unit which have not been paid even though not yet due;
  - (c) A statement, which shall be current to within 45 days, of any common expenses or special assessments against any unit in the condominium that are past due over 30 days;

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- 1 (d) A statement, which shall be current to within 45 days, of any obligation of the association which is past due over 30 days;
  - (e) A statement of any other fees payable by unit owners;

- (f) A statement of any anticipated repair or replacement cost in excess of five percent of the annual budget of the association that has been approved by the board of directors;
- (g) A statement of the amount of any reserves for repair or replacement and of any portions of those reserves currently designated by the association for any specified projects;
- (h) The annual financial statement of the association, including the audit report if it has been prepared, for the year immediately preceding the current year;
- (i) A balance sheet and a revenue and expense statement of the association prepared on an accrual basis, which shall be current to within 120 days;
  - (j) The current operating budget of the association;
- (k) A statement of any unsatisfied judgments against the association and the status of any pending suits or legal proceedings in which the association is a plaintiff or defendant;
- (1) A statement describing any insurance coverage provided for the benefit of unit owners;
  - (m) A statement as to whether there are any alterations or improvements to the unit or to the limited common elements assigned thereto that violate any provision of the declaration;
  - (n) A statement of the number of units, if any, still owned by the declarant, whether the declarant has transferred control of the association to the unit owners, and the date of such transfer;
  - (o) A statement as to whether there are any violations of the health or building codes with respect to the unit, the limited common elements assigned thereto, or any other portion of the condominium;
  - (p) A statement of the remaining term of any leasehold estate affecting the condominium and the provisions governing any extension or renewal thereof;
  - (q) A copy of the declaration, the bylaws, the rules or regulations of the association, the association's current reserve study, if any, and any other information reasonably requested by mortgagees of prospective purchasers of units. Information requested generally by the federal national mortgage association, the federal home loan bank board, the government national mortgage association, the veterans administration and the department of housing and urban

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development shall be deemed reasonable, provided such information is reasonably available to the association;

- (r) A statement, as required by RCW 64.35.210, as to whether the units or common elements of the condominium are covered by a qualified warranty, and a history of claims under any such warranty;
- (s) A statement describing any requirements related to electric vehicle charging stations located in the unit or the limited common elements assigned to the unit, including application status, insurance information, maintenance responsibilities, and any associated costs; and
- (t) If the association does not have a reserve study that has been prepared in accordance with RCW 64.34.380 and 64.34.382 or its governing documents, the following disclosure:

"This association does not have a current reserve study. The lack of a current reserve study poses certain risks to you, the purchaser. Insufficient reserves may, under some circumstances, require you to pay on demand as a special assessment your share of common expenses for the cost of major maintenance, repair, or replacement of a common element."

- (2) The association, within 10 days after a request by a unit owner, and subject to payment of any fee imposed pursuant to RCW 64.34.304(1)(1), shall furnish a resale certificate signed by an officer or authorized agent of the association and containing the information necessary to enable the unit owner to comply with this section. For the purposes of this chapter, a reasonable charge for the preparation of a resale certificate may not exceed \$275. The association may charge a unit owner a nominal fee for updating a resale certificate within six months of the unit owner's request. The unit owner shall also sign the certificate but the unit owner is not liable to the purchaser for any erroneous information provided by the association and included in the certificate unless and to the extent the unit owner had actual knowledge thereof.
- (3) A purchaser is not liable for any unpaid assessment or fee against the unit as of the date of the certificate greater than the amount set forth in the certificate prepared by the association unless and to the extent such purchaser had actual knowledge thereof. A unit owner is not liable to a purchaser for the failure or delay of the association to provide the certificate in a timely manner, but

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- 1 the purchaser's contract is voidable by the purchaser until the
- 2 certificate has been provided and for five days thereafter or until
- 3 conveyance, whichever occurs first.

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- 4 <u>NEW SECTION.</u> **Sec. 16.** A new section is added to chapter 64.34 5 RCW to read as follows:
- 6 (1) The attorney general may issue a cease and desist letter to any declarant, master association, unit owners' association, or agent 7 of a unit owners' association to restrain and prevent a pattern of 8 failure to follow the requirements of this chapter. If the recipient 9 10 of a cease and desist letter does not comply within five calendar 11 days of receipt of the letter, the attorney general may file an action in superior court at any time thereafter to enforce the cease 12 and desist letter. If the court finds that the declarant, master 13 association, unit owners' association, or agent of a unit owners' 14 15 association violated this chapter and failed to comply with a cease 16 and desist letter, the court shall enjoin the declarant, master association, unit owners' association, or agent of a unit owners' 17 18 association from engaging in conduct that violates this chapter and shall impose a civil penalty of not more than \$5,000 per violation of 19 20 the cease and desist letter. In any successful action to enforce a 21 cease and desist letter under this chapter, the court shall award the 22 attorney general the costs of bringing the action, reasonable investigative costs and reasonable attorneys' fees. The 23 24 remedies under this subsection are in addition to any other remedies a court may order under subsection (2) of this section. 25
  - (2) The legislature finds that the practices covered by this chapter are matters vitally affecting the public interest for the purpose of applying the consumer protection act, chapter 19.86 RCW. A pattern of violations of this chapter by a declarant, master association, unit owners' association, or an agent of a unit owners' association, evidenced by the issuance of two or more cease and desist letters pursuant to subsection (1) of this section, is not reasonable in relation to the development and preservation of business and is an unfair or deceptive act in trade or commerce and an unfair method of competition for purposes of applying the consumer protection act, chapter 19.86 RCW.
- 37 (3) Remedies provided by chapter 19.86 RCW are cumulative and not 38 exclusive.

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Sec. 17. RCW 64.38.010 and 2021 c 227 s 9 are each reenacted and amended to read as follows:

For purposes of this chapter:

- (1) "Assessment" means all sums chargeable to an owner by an association in accordance with RCW 64.38.020.
- (2) "Baseline funding plan" means establishing a reserve funding goal of maintaining a reserve account balance above ((zero dollars)) \$0 throughout the ((thirty-year)) 30-year study period described under RCW 64.38.065.
- 10 (3) "Board of directors" or "board" means the body, regardless of 11 name, with primary authority to manage the affairs of the 12 association.
- 13 (4) "Common areas" means property owned, or otherwise maintained, 14 repaired or administered by the association.
  - (5) "Common expense" means the costs incurred by the association to exercise any of the powers provided for in this chapter.
  - (6) "Contribution rate" means, in a reserve study as described in RCW 64.38.065, the amount contributed to the reserve account so that the association will have cash reserves to pay major maintenance, repair, or replacement costs without the need of a special assessment.
- 22 (7) "Effective age" means the difference between the estimated 23 useful life and remaining useful life.
  - (8) "Electronic transmission" or "electronically transmitted" means any electronic communication not directly involving the physical transfer of a writing in a tangible medium, but that may be retained, retrieved, and reviewed by the sender and the recipient of the communication, and that may be directly reproduced in a tangible medium by a sender and recipient.
  - (9) "Full funding plan" means setting a reserve funding goal of achieving one hundred percent fully funded reserves by the end of the ((thirty-year)) 30-year study period described under RCW 64.38.065, in which the reserve account balance equals the sum of the deteriorated portion of all reserve components.
  - (10) "Fully funded balance" means the current value of the deteriorated portion, not the total replacement value, of all the reserve components. The fully funded balance for each reserve component is calculated by multiplying the current replacement cost of the reserve component by its effective age, then dividing the result by the reserve component's useful life. The sum total of all

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reserve components' fully funded balances is the association's fully funded balance.

- (11) "Governing documents" means the articles of incorporation, bylaws, plat, declaration of covenants, conditions, and restrictions, rules and regulations of the association, or other written instrument by which the association has the authority to exercise any of the powers provided for in this chapter or to manage, maintain, or otherwise affect the property under its jurisdiction.
- (12) "Homeowners' association" or "association" means a corporation, unincorporated association, or other legal entity, each member of which is an owner of residential real property located within the association's jurisdiction, as described in the governing documents, and by virtue of membership or ownership of property is obligated to pay real property taxes, insurance premiums, maintenance costs, or for improvement of real property other than that which is owned by the member. "Homeowners' association" does not mean an association created under chapter 64.32 or 64.34 RCW.
- (13) "Lot" means a physical portion of the real property located within an association's jurisdiction designated for separate ownership.
- (14) "Owner" means the owner of a lot, but does not include a person who has an interest in a lot solely as security for an obligation. "Owner" also means the vendee, not the vendor, of a lot under a real estate contract.
- (15) "Record," when used as a noun, means information inscribed on a tangible medium or contained in an electronic transmission.
- (16) "Remaining useful life" means the estimated time, in years, before a reserve component will require major maintenance, repair, or replacement to perform its intended function.
- (((16))) (17) "Replacement cost" means the current cost of replacing, repairing, or restoring a reserve component to its original functional condition.
- $((\frac{17}{17}))$  (18) "Reserve component" means a common element whose cost of maintenance, repair, or replacement is infrequent, significant, and impractical to include in an annual budget.
- ((<del>(18)</del>)) <u>(19)</u> "Reserve study professional" means an independent person who is suitably qualified by knowledge, skill, experience, training, or education to prepare a reserve study in accordance with RCW 64.38.065 and 64.38.070.

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1 ((<del>(19)</del>)) <u>(20)</u> "Residential real property" means any real 2 property, the use of which is limited by law, covenant or otherwise 3 to primarily residential or recreational purposes.

- ((<del>(20)</del>)) (21) "Rule" means a policy, guideline, restriction, procedure, or regulation of an association, however denominated, that is not set forth in the governing documents and governs the conduct of persons or the use or appearance of property.
- (22) "Significant assets" means that the current replacement value of the major reserve components is ((seventy-five)) 75 percent or more of the gross budget of the association, excluding the association's reserve account funds.
- $((\frac{(21)}{(21)}))$  "Tangible medium" means a writing, copy of a writing, facsimile, or a physical reproduction, each on paper or on other tangible material.
- $((\frac{(22)}{)})$  <u>(24)</u> "Useful life" means the estimated time, between 16 years, that major maintenance, repair, or replacement is estimated to 17 occur.
- **Sec. 18.** RCW 64.38.045 and 1995 c 283 s 9 are each amended to 19 read as follows:
  - (1) The association or its managing agent shall keep financial and other records sufficiently detailed to enable the association to fully declare to each owner the true statement of its financial status. All financial and other records of the association, including but not limited to checks, bank records, and invoices, in whatever form they are kept, are the property of the association. Each association managing agent shall turn over all original books and records to the association immediately upon termination of the management relationship with the association, or upon such other demand as is made by the board of directors. An association managing agent is entitled to keep copies of association records. All records which the managing agent has turned over to the association shall be made reasonably available for the examination and copying by the managing agent.
  - (2) ((All records of the association, including the names and addresses of owners and other occupants of the lots, shall be available for examination by all owners, holders of mortgages on the lots, and their respective authorized agents on reasonable advance notice during normal working hours at the offices of the association or its managing agent. The association shall not release the unlisted

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telephone number of any owner. The association may impose and collect a reasonable charge for copies and any reasonable costs incurred by the association in providing access to records.)) (a) The association must retain all records of the association, including the following:

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- (i) A complete and accurate list of owners, including the names of current owners, listed telephone numbers, addresses, and email addresses used by the association to communicate with them, and the number of votes allocated to each lot;
- 9 <u>(ii) A complete and accurate list of the names, listed telephone</u>
  10 <u>numbers, addresses, and email addresses of its current board of</u>
  11 directors and officers; and
  - (iii) Its original or restated declaration, organizational documents, all amendments to the declaration and organizational documents, and all rules currently in effect, including information regarding assessments.
  - (b) Subject to (e) and (f) of this subsection, all records required to be retained by an association under this subsection must be made available for examination and copying to all owners, holders of mortgages on the lots, and their respective authorized agents as follows, unless agreed otherwise:
- 21 <u>(i) During reasonable business hours or at a mutually convenient</u> 22 time and location; and
  - (ii) At the offices of the association or its managing agent.
- 24 (c) Information retained pursuant to (a) (iii) of this subsection 25 must be accessible on the association's website, if any.
  - (d) (i) A right to copy records under this subsection includes the right to receive copies by photocopying or other means, including through an electronic transmission if available upon request by the owner.
- (ii) The association must prioritize providing copies of records
  through an electronic transmission to an owner's email address if
  available upon request by the owner.
- (e) Records retained by an association under this subsection may
  be withheld from inspection and copying to the extent that they
  concern:
  - (i) The unlisted telephone number of any owner;
- 37 <u>(ii) The email address of an owner upon request of the owner to</u> 38 the association;
- 39 <u>(iii) Information the disclosure of which would violate a court</u>
  40 order or law; or

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(iv) Agreements that for good cause prohibit disclosure.

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- 2 (f) (i) The association may charge the actual cost for producing 3 and providing copies of any records under this subsection and for 4 supervising the owner's inspection.
- 5 <u>(ii) The association may not charge any costs for providing</u> 6 <u>copies of any records under this subsection through an electronic</u> 7 transmission.
- 8 (g) Information provided pursuant to this subsection may not be 9 used for commercial purposes.
  - (3) At least annually, the association shall prepare, or cause to be prepared, a financial statement of the association. The financial statements of associations with annual assessments of ((fifty thousand dollars)) \$50,000 or more shall be audited at least annually by an independent certified public accountant, but the audit may be waived if ((sixty-seven)) 67 percent of the votes cast by owners, in person or by proxy, at a meeting of the association at which a quorum is present, vote each year to waive the audit.
- 18 (4) The funds of the association shall be kept in accounts in the 19 name of the association and shall not be commingled with the funds of 20 any other association, nor with the funds of any manager of the 21 association or any other person responsible for the custody of such 22 funds.
- 23 **Sec. 19.** RCW 64.38.100 and 2021 c 222 s 8 are each amended to 24 read as follows:
- 25 (1) If the governing documents of an association provide for a 26 lien on the lot of any owner for unpaid assessments, the association 27 may not commence an action to <u>judicially</u> foreclose the lien <u>in the</u> 28 manner set forth in chapter 61.12 RCW unless:
- 29 (a) The lot owner, at the time the action is commenced, owes at 30 least a sum equal to the greater of:
- 31 (i) Three months or more of assessments, not including fines, 32 late charges, interest, attorneys' fees, or costs incurred by the 33 association in connection with the collection of a delinquent owner's 34 account; or
  - (ii) \$200 of assessments, not including fines, late charges, interest, attorneys' fees, or costs incurred by the association in connection with the collection of a delinquent owner's account;
- 38 (b) At or after the date that assessments have become past due 39 for at least 90 days, the association has mailed, by first-class

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- mail, to the owner, at the lot address and to any other address which 1 2 the owner has provided to the association, a notice of delinquency, which shall state as follows: 3 4 THIS IS A NOTICE OF DELINQUENCY FOR PAST DUE ASSESSMENTS FROM THE HOMEOWNERS' ASSOCIATION TO WHICH YOUR HOME BELONGS. 5
- 6 THIS NOTICE IS ONE STEP IN A PROCESS THAT COULD RESULT IN YOUR LOSING 7 YOUR HOME.
- CONTACT A HOUSING COUNSELOR OR AN ATTORNEY LICENSED IN WASHINGTON NOW 8
- 9 to assess your situation and refer you to mediation if you might
- 10 benefit. DO NOT DELAY.

following:

- BE CAREFUL of people who claim they can help you. There are many 11
- 12 individuals and businesses that prey upon borrowers in distress.
- 13 REFER TO THE CONTACTS BELOW for sources of assistance.
- 14 SEEKING ASSISTANCE
- 15 Housing counselors and legal assistance may be available at 16 little or no cost to you. If you would like assistance in determining 17 your rights and opportunities to keep your house, you may contact the
- The statewide foreclosure hotline for assistance and referral to 19 20 housing counselors recommended by the Housing Finance Commission
- 21 Telephone: . . . . . . Website: . . . . .
- 2.2 The United States Department of Housing and Urban Development
- Telephone: . . . . . . Website: . . . . . 23
- 24 The statewide civil legal aid hotline for assistance and
- 25 referrals to other housing counselors and attorneys
- Telephone: . . . . . . Website: . . . . . 26
- 27 The association shall obtain the toll-free numbers and website
- 28 information from the department of commerce for inclusion in the
- 29 notice;

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- 30 (c) At least 90 days have elapsed from the date the minimum
- amount required in (a) of this subsection has accrued; and 31
- 32 (d) The board approves commencement of a foreclosure action specifically against that lot. 33
- (2) Every aspect of a collection, foreclosure, sale, or other 34 35 conveyance under this section, including the method, advertising, time, date, place, and terms, must be commercially reasonable. 36
- 37 <u>NEW SECTION.</u> **Sec. 20.** A new section is added to chapter 64.38 38 RCW to read as follows:

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- 1 (1) The attorney general may issue a cease and desist letter to any homeowners' association or agent of a homeowners' association to 2 restrain and prevent a pattern of failure to follow the requirements 3 of this chapter. If the recipient of a cease and desist letter does 4 not comply within five calendar days of receipt of the letter, the 5 6 attorney general may file an action in superior court at any time thereafter to enforce the cease and desist letter. If the court finds 7 that the homeowners' association or agent of a homeowners' 8 association violated this chapter and failed to comply with a cease 9 and desist letter, the court shall enjoin the homeowners' association 10 11 or agent of a homeowners' association from engaging in conduct that 12 violates this chapter and shall impose a civil penalty of not more than \$5,000 per violation of the cease and desist letter. In any 13 successful action to enforce a cease and desist letter under this 14 chapter, the court shall award the attorney general the costs of 15 16 bringing the action, including reasonable investigative costs and 17 reasonable attorneys' fees. The remedies under this subsection are in 18 addition to any other remedies a court may order under subsection (2) of this section. 19
  - (2) The legislature finds that the practices covered by this chapter are matters vitally affecting the public interest for the purpose of applying the consumer protection act, chapter 19.86 RCW. A pattern of violations of this chapter by a homeowners' association or an agent of a homeowners' association, evidenced by the issuance of two or more cease and desist letters pursuant to subsection (1) of this section, is not reasonable in relation to the development and preservation of business and is an unfair or deceptive act in trade or commerce and an unfair method of competition for purposes of applying the consumer protection act, chapter 19.86 RCW.

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- 30 (3) Remedies provided by chapter 19.86 RCW are cumulative and not 31 exclusive.
- 32 **Sec. 21.** RCW 64.90.485 and 2021 c 222 s 2 are each amended to 33 read as follows:
- 34 (1) The association has a statutory lien on each unit for any 35 unpaid assessment against the unit from the time such assessment is 36 due.
- 37 (2) A lien under this section has priority over all other liens 38 and encumbrances on a unit except:

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- (a) Liens and encumbrances recorded before the recordation of the declaration and, in a cooperative, liens and encumbrances that the association creates, assumes, or takes subject to;
- (b) Except as otherwise provided in subsection (3) of this section, a security interest on the unit recorded before the date on which the unpaid assessment became due or, in a cooperative, a security interest encumbering only the unit owner's interest and perfected before the date on which the unpaid assessment became due; and
- (c) Liens for real estate taxes and other state or local governmental assessments or charges against the unit or cooperative.
- (3) (a) A lien under this section also has priority over the security interests described in subsection (2) (b) of this section to the extent of an amount equal to the following:
- (i) The common expense assessments, excluding any amounts for capital improvements, based on the periodic budget adopted by the association pursuant to RCW 64.90.480(1), along with any specially allocated assessments that are properly assessable against the unit under such periodic budget, which would have become due in the absence of acceleration during the six months immediately preceding the institution of proceedings to foreclose either the association's lien or a security interest described in subsection (2)(b) of this section;
- (ii) The association's actual costs and reasonable attorneys' fees incurred in foreclosing its lien but incurred after the giving of the notice described in (a)(iii) of this subsection; provided, however, that the costs and reasonable attorneys' fees that will have priority under this subsection (3)(a)(ii) shall not exceed ((two thousand dollars)) \$2,000 or an amount equal to the amounts described in (a)(i) of this subsection, whichever is less;
- (iii) The amounts described in (a)(ii) of this subsection shall be prior only to the security interest of the holder of a security interest on the unit recorded before the date on which the unpaid assessment became due and only if the association has given that holder not less than ((sixty)) 60 days' prior written notice that the owner of the unit is in default in payment of an assessment. The notice shall contain:
- 38 (A) Name of the borrower;

- (B) Recording date of the trust deed or mortgage;
- (C) Recording information;

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- (D) Name of condominium, unit owner, and unit designation stated in the declaration or applicable supplemental declaration;
  - (E) Amount of unpaid assessment; and

- (F) A statement that failure to, within ((sixty)) 60 days of the written notice, submit the association payment of six months of assessments as described in (a)(i) of this subsection will result in the priority of the amounts described in (a)(ii) of this subsection; and
- (iv) Upon payment of the amounts described in (a)(i) and (ii) of this subsection by the holder of a security interest, the association's lien described in this subsection (3)(a) shall thereafter be fully subordinated to the lien of such holder's security interest on the unit.
  - (b) For the purposes of this subsection:
  - (i) "Institution of proceedings" means either:
- 16 (A) The date of recording of a notice of trustee's sale by a deed 17 of trust beneficiary;
  - (B) The date of commencement, pursuant to applicable court rules, of an action for judicial foreclosure either by the association or by the holder of a recorded security interest; or
  - (C) The date of recording of a notice of intention to forfeit in a real estate contract forfeiture proceeding by the vendor under a real estate contract.
  - (ii) "Capital improvements" does not include making, in the ordinary course of management, repairs to common elements or replacements of the common elements with substantially similar items, subject to: (A) Availability of materials and products, (B) prevailing law, or (C) sound engineering and construction standards then prevailing.
  - (c) The adoption of a periodic budget that purports to allocate to a unit any fines, late charges, interest, attorneys' fees and costs incurred for services unrelated to the foreclosure of the association's lien, other collection charges, or specially allocated assessments assessed under RCW 64.90.480 (6) or (7) does not cause any such items to be included in the priority amount affecting such unit.
- 37 (4) Subsections (2) and (3) of this section do not affect the 38 priority of mechanics' or material suppliers' liens to the extent 39 that law of this state other than chapter 277, Laws of 2018 gives

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priority to such liens, or the priority of liens for other assessments made by the association.

- (5) A lien under this section is not subject to chapter 6.13 RCW.
- (6) ((If the association forecloses its lien under this section nonjudicially pursuant to chapter 61.24 RCW, as provided under subsection (13) of this section, the association is not entitled to the lien priority provided for under subsection (3) of this section, and is subject to the limitations on deficiency judgments as provided in chapter 61.24 RCW.
- (7)) Unless the declaration provides otherwise, if two or more associations have liens for assessments created at any time on the same property, those liens have equal priority as to each other, and any foreclosure of one such lien shall not affect the lien of the other.
- $((\frac{(8)}{)})$   $\underline{(7)}$  Recording of the declaration constitutes record notice and perfection of the statutory lien created under this section. Further notice or recordation of any claim of lien for assessment under this section is not required, but is not prohibited.
- $((\frac{(9)}{)})$  <u>(8)</u> A lien for unpaid assessments and the personal liability for payment of those assessments are extinguished unless proceedings to enforce the lien or collect the debt are instituted within six years after the full amount of the assessments sought to be recovered becomes due.
- (((10))) <u>(9)</u> This section does not prohibit actions against unit owners to recover sums for which subsection (1) of this section creates a lien or prohibit an association from taking a deed in lieu of foreclosure.
- $((\frac{(11)}{(11)}))$  (10) The association upon written request must furnish to a unit owner or a mortgagee a statement signed by an officer or authorized agent of the association setting forth the amount of unpaid assessments or the priority amount against that unit, or both. The statement must be furnished within  $((\frac{\text{fifteen}}{(\text{fifteen})}))$  15 days after receipt of the request and is binding on the association, the board, and every unit owner unless, and to the extent, known by the recipient to be false. The liability of a recipient who reasonably relies upon the statement must not exceed the amount set forth in any statement furnished pursuant to this section or RCW 64.90.640(1)(b).
- $((\frac{12}{12}))$  In a cooperative, upon nonpayment of an assessment on a unit, the unit owner may be evicted in the same manner as provided by law in the case of an unlawful holdover by a commercial

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tenant, and the lien may be foreclosed as provided under this section.

- $((\frac{(13)}{(12)}))$  The association's lien may be foreclosed in accordance with (a)  $((\frac{\text{and }(b)}{(b)}))$  of this subsection.
- (a) In a common interest community other than a cooperative, the association's lien may be foreclosed judicially in accordance with chapter 61.12 RCW, subject to any rights of redemption under chapter 6.23 RCW.
- (b) ((The lien may be enforced nonjudicially in the manner set forth in chapter 61.24 RCW for nonjudicial foreclosure of deeds of trust if the declaration: Contains a grant of the common interest community in trust to a trustee qualified under RCW 61.24.010 to secure the obligations of the unit owners to the association for the payment of assessments, contains a power of sale, provides in its terms that the units are not used principally for agricultural purposes, and provides that the power of sale is operative in the case of a default in the obligation to pay assessments. The association or its authorized representative may purchase the unit at the foreclosure sale and acquire, hold, lease, mortgage, or convey the unit. Upon an express waiver in the complaint of any right to a deficiency judgment in a judicial foreclosure action, the period of redemption is eight months.
- (c)) In a cooperative in which the unit owners' interests in the units are real estate, the association's lien must be foreclosed in like manner as a mortgage on real estate ((or by power of sale under (b) of this subsection)) in accordance with chapter 61.12 RCW.
- $((\frac{d}{d}))$  (c) In a cooperative in which the unit owners' interests in the units are personal property, the association's lien must be foreclosed in like manner as a security interest under chapter 62A.9A RCW.
- $((\frac{(14)}{(14)}))$  If the unit owner's interest in a unit in a 32 cooperative is real estate, the following requirements apply:
  - (a) The association, upon nonpayment of assessments and compliance with this subsection, may sell that unit at a public sale or by private negotiation, and at any time and place. The association must give to the unit owner and any lessee of the unit owner reasonable notice in a record of the time, date, and place of any public sale or, if a private sale is intended, of the intention of entering into a contract to sell and of the time and date after which a private conveyance may be made. Such notice must also be sent to

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any other person that has a recorded interest in the unit that would be cut off by the sale, but only if the recorded interest was on record seven weeks before the date specified in the notice as the date of any public sale or seven weeks before the date specified in the notice as the date after which a private sale may be made. The notices required under this subsection may be sent to any address reasonable in the circumstances. A sale may not be held until five weeks after the sending of the notice. The association may buy at any public sale and, if the sale is conducted by a fiduciary or other person not related to the association, at a private sale. 

- (b) Unless otherwise agreed to or as stated in this section, the unit owner is liable for any deficiency in a foreclosure sale.
- (c) The proceeds of a foreclosure sale must be applied in the following order:
  - (i) The reasonable expenses of sale;

- (ii) The reasonable expenses of securing possession before sale; the reasonable expenses of holding, maintaining, and preparing the unit for sale, including payment of taxes and other governmental charges and premiums on insurance; and, to the extent provided for by agreement between the association and the unit owner, reasonable attorneys' fees, costs, and other legal expenses incurred by the association;
  - (iii) Satisfaction of the association's lien;
- (iv) Satisfaction in the order of priority of any subordinate claim of record; and
  - (v) Remittance of any excess to the unit owner.
- (d) A good-faith purchaser for value acquires the unit free of the association's debt that gave rise to the lien under which the foreclosure sale occurred and any subordinate interest, even though the association or other person conducting the sale failed to comply with this section. The person conducting the sale must execute a conveyance to the purchaser sufficient to convey the unit and stating that it is executed by the person after a foreclosure of the association's lien by power of sale and that the person was empowered to make the sale. Signature and title or authority of the person signing the conveyance as grantor and a recital of the facts of nonpayment of the assessment and of the giving of the notices required under this subsection are sufficient proof of authority is

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not required even though the association is named as grantee in the conveyance.

(e) At any time before the association has conveyed a unit in a cooperative or entered into a contract for its conveyance under the power of sale, the unit owners or the holder of any subordinate security interest may cure the unit owner's default and prevent sale or other conveyance by tendering the performance due under the security agreement, including any amounts due because of exercise of a right to accelerate, plus the reasonable expenses of proceeding to foreclosure incurred to the time of tender, including reasonable attorneys' fees and costs of the creditor.

((<del>(15)</del>)) <u>(14)</u> In an action by an association to collect assessments or to foreclose a lien on a unit under this section, the court may appoint a receiver to collect all sums alleged to be due and owing to a unit owner before commencement or during pendency of the action. The receivership is governed under chapter 7.60 RCW. During pendency of the action, the court may order the receiver to pay sums held by the receiver to the association for any assessments against the unit. The exercise of rights under this subsection by the association does not affect the priority of preexisting liens on the unit.

((\(\frac{(16)}{)}\)) (15) Except as provided in subsection (3) of this section, the holder of a mortgage or other purchaser of a unit who obtains the right of possession of the unit through foreclosure is not liable for assessments or installments of assessments that became due prior to such right of possession. Such unpaid assessments are deemed to be common expenses collectible from all the unit owners, including such mortgagee or other purchaser of the unit. Foreclosure of a mortgage does not relieve the prior unit owner of personal liability for assessments accruing against the unit prior to the date of such sale as provided in this subsection.

((<del>(17)</del>)) (16) In addition to constituting a lien on the unit, each assessment is the joint and several obligation of the unit owner of the unit to which the same are assessed as of the time the assessment is due. A unit owner may not exempt himself or herself from liability for assessments. In a voluntary conveyance other than by foreclosure, the grantee of a unit is jointly and severally liable with the grantor for all unpaid assessments against the grantor up to the time of the grantor's conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the

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grantee. Suit to recover a personal judgment for any delinquent assessment is maintainable in any court of competent jurisdiction without foreclosing or waiving the lien securing such sums.

- ((<del>(18)</del>)) <u>(17)</u> The association may from time to time establish reasonable late charges and a rate of interest to be charged, not to exceed the maximum rate calculated under RCW 19.52.020, on all subsequent delinquent assessments or installments of assessments. If the association does not establish such a rate, delinquent assessments bear interest from the date of delinquency at the maximum rate calculated under RCW 19.52.020 on the date on which the assessments became delinquent.
- (((19))) (18) The association is entitled to recover any costs and reasonable attorneys' fees incurred in connection with the collection of delinquent assessments, whether or not such collection activities result in a suit being commenced or prosecuted to judgment. The prevailing party is also entitled to recover costs and reasonable attorneys' fees in such suits, including any appeals, if it prevails on appeal and in the enforcement of a judgment.
- ((<del>(20)</del>)) <u>(19)</u> To the extent not inconsistent with this section, the declaration may provide for such additional remedies for collection of assessments as may be permitted by law, except for nonjudicial foreclosure in the manner set forth under chapter 61.24 RCW for nonjudicial foreclosure of deeds of trust.
- $((\frac{(21)}{(21)}))$  An association may not commence an action to 25 foreclose a lien on a unit under this section unless:
  - (a) The unit owner, at the time the action is commenced, owes at least a sum equal to the greater of:
  - (i) Three months or more of assessments, not including fines, late charges, interest, attorneys' fees, or costs incurred by the association in connection with the collection of a delinquent owner's account; or
  - (ii) \$200 of assessments, not including fines, late charges, interest, attorneys' fees, or costs incurred by the association in connection with the collection of a delinquent owner's account;
  - (b) At or after the date that assessments have become past due for at least 90 days, the association has mailed, by first-class mail, to the owner, at the unit address and to any other address which the owner has provided to the association, a notice of delinquency, which shall state as follows:

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1	THIS IS A NOTICE OF DELINQUENCY FOR PAST DUE ASSESSMENTS
2	FROM THE UNIT OWNERS' ASSOCIATION TO WHICH YOUR HOME BELONGS.
3	THIS NOTICE IS ONE STEP IN A PROCESS THAT COULD RESULT IN YOUR LOSING
4	YOUR HOME.
5	CONTACT A HOUSING COUNSELOR OR AN ATTORNEY LICENSED IN WASHINGTON NOW
6	to assess your situation and refer you to mediation if you might
7	benefit. DO NOT DELAY.
8	BE CAREFUL of people who claim they can help you. There are many
9	individuals and businesses that prey upon borrowers in distress.
10	REFER TO THE CONTACTS BELOW for sources of assistance.
11	SEEKING ASSISTANCE
12	Housing counselors and legal assistance may be available at
13	little or no cost to you. If you would like assistance in determining
14	your rights and opportunities to keep your house, you may contact the
15	following:
16	The statewide foreclosure hotline for assistance and referral to
17	housing counselors recommended by the Housing Finance Commission
18	Telephone: Website:
19	The United States Department of Housing and Urban Development
20	Telephone: Website:
21	The statewide civil legal aid hotline for assistance and
22	referrals to other housing counselors and attorneys
23	Telephone: Website:
24	The association shall obtain the toll-free numbers and website
25	information from the department of commerce for inclusion in the
26	notice;
27	(c) At least 90 days have elapsed from the date the minimum
28	amount required in (a) of this subsection has accrued; and
_ 0	amount required in (a) or enter babblection has accraca, and

- 2 28
- 29 (d) The board approves commencement of a foreclosure action 30 specifically against that unit.
- (((22))) <u>(21)</u> Every aspect of a collection, foreclosure, sale, or 31 other conveyance under this section, including the 32 33 advertising, time, date, place, and terms, must be commercially 34 reasonable.
- Sec. 22. RCW 64.90.495 and 2018 c 277 s 320 are each amended to 35 36 read as follows:
  - (1) An association must retain the following:

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p. 76 SB 5727 (a) The current budget, detailed records of receipts and expenditures affecting the operation and administration of the association, and other appropriate accounting records within the last seven years;

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- (b) Minutes of all meetings of its unit owners and board other than executive sessions, a record of all actions taken by the unit owners or board without a meeting, and a record of all actions taken by a committee in place of the board on behalf of the association;
  - (c) ((The)) A complete and accurate list of unit owners, including the names of current unit owners, listed telephone numbers, addresses, and email addresses used by the association to communicate with them, and the number of votes allocated to each unit;
  - (d) Its original or restated declaration, organizational documents, all amendments to the declaration and organizational documents, and all rules currently in effect, including information regarding assessments;
- 17 (e) All financial statements and tax returns of the association 18 for the past seven years;
- (f) A <u>complete and accurate</u> list of the names ((<del>and</del>)), <u>listed</u>
  telephone <u>numbers</u>, addresses, <u>and email addresses</u> of its current
  board members and officers;
- 22 (g) Its most recent annual report delivered to the secretary of state, if any;
- 24 (h) Financial and other records sufficiently detailed to enable 25 the association to comply with RCW 64.90.640;
- 26 (i) Copies of contracts to which it is or was a party within the 27 last seven years;
  - (j) Materials relied upon by the board or any committee to approve or deny any requests for design or architectural approval for a period of seven years after the decision is made;
  - (k) Materials relied upon by the board or any committee concerning a decision to enforce the governing documents for a period of seven years after the decision is made;
- 34 (1) Copies of insurance policies under which the association is a 35 named insured;
  - (m) Any current warranties provided to the association;
- 37 (n) Copies of all notices provided to unit owners or the 38 association in accordance with this chapter or the governing 39 documents; and

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

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- (2) Subject to subsections (3) and (4) of this section, all records required to be retained by an association must be made available for examination and copying by all unit owners, holders of mortgages on the units, and their respective authorized agents as follows, unless agreed otherwise:
- 9 (a) During reasonable business hours or at a mutually convenient 10 time and location; and
  - (b) At the offices of the association or its managing agent.
- 12 (3) Records retained by an association may be withheld from 13 inspection and copying to the extent that they concern:
- 14 (a) Personnel and medical records relating to specific 15 individuals;
- 16 (b) Contracts, leases, and other commercial transactions to 17 purchase or provide goods or services currently being negotiated;
  - (c) Existing or potential litigation or mediation, arbitration, or administrative proceedings;
  - (d) Existing or potential matters involving federal, state, or local administrative or other formal proceedings before a governmental tribunal for enforcement of the governing documents;
- (e) Legal advice or communications that are otherwise protected by the attorney-client privilege or the attorney work product doctrine, including communications with the managing agent or other agent of the association;
- 27 (f) Information the disclosure of which would violate a court 28 order or law;
  - (g) Records of an executive session of the board;
- 30 (h) Individual unit files other than those of the requesting unit 31 owner;
- 32 (i) ((Unlisted)) The unlisted telephone number ((Or)) of any unit 33 owner or resident;
- 34 <u>(j) The</u> electronic address of any unit owner or resident <u>upon</u>
  35 <u>request of the unit owner to the association;</u>
- 36  $((\frac{(j)}{(j)}))$  <u>(k)</u> Security access information provided to the 37 association for emergency purposes; or
- 38  $((\frac{k}{k}))$  <u>(1)</u> Agreements that for good cause prohibit disclosure to the members.

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

- (b) An association may not charge any costs for providing copies of any records under this section through an electronic transmission.
- (5) (a) A right to copy records under this section includes the right to receive copies by photocopying or other means, including through an electronic transmission if available upon request by the unit owner.
- 10 (b) An association must prioritize providing copies of records
  11 through an electronic transmission to a unit owner's email address if
  12 available upon request by the unit owner.
- 13 (6) An association is not obligated to compile or synthesize 14 information.
- 15 (7) Information provided pursuant to this section may not be used 16 for commercial purposes.
  - (8) An association's managing agent must deliver all of the association's original books and records to the association immediately upon termination of its management relationship with the association, or upon such other demand as is made by the board. An association managing agent may keep copies of the association records at its own expense.
- 23 (9) Information retained pursuant to subsection (1)(d) of this 24 section must be accessible on an association's website, if any.
- **Sec. 23.** RCW 64.90.635 and 2018 c 277 s 408 are each amended to 26 read as follows:
  - (1) The purchaser may cancel a contract for the purchase of the unit within seven days after first receiving the public offering statement. If the public offering statement is first provided to a purchaser more than seven days before execution of a contract for the purchase of a unit, or before mutual acceptance of a written agreement between the purchaser and the offeror for the purchase and sale of a unit upon request of the purchaser, the purchaser does not have the right under this section to cancel the executed contract. If the public offering statement is first provided to a purchaser seven days or less before the purchaser signs a contract for the purchase of a unit, the purchaser, before conveyance of the unit to the purchaser, may cancel the contract by delivering, no later than the seventh day after first receiving the public offering statement, a

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notice of cancellation, delivered pursuant to subsection (3) of this section. If the public offering statement is first provided to a purchaser less than seven days before the closing date for the conveyance of that unit, the purchaser may, before conveyance of the unit to the purchaser, extend the closing date to a date not more than seven days after the purchaser first received the public offering statement.

- (2) A purchaser does not have the right under this section to cancel a contract upon receipt of an amendment to a public offering statement. This subsection must not be construed to eliminate any right that is otherwise available to the purchaser under generally applicable contract law to rescind the contract due to the disclosure of the information in the amendment.
- (3) If a purchaser elects to cancel a contract under subsection (1) of this section, the purchaser may do so by hand-delivering notice of cancellation, or by mailing notice of cancellation by prepaid United States mail, to the declarant at the address set forth in the public offering statement or at the address of the declarant's registered agent for service of process. The date of such notice is the date of receipt of delivery, if hand-delivered, or the date of deposit in the United States mail, if mailed. Cancellation is without penalty, and all payments made to the seller by the purchaser before cancellation must be refunded promptly. There is no liability for failure to deliver any amendment unless such failure would have entitled the purchaser under generally applicable legal principles to cancel the contract for the purchase of the unit had the undisclosed information been evident to the purchaser before the closing of the purchase.
- 29 (4) The language of the notice required under RCW 64.90.610(2)(a) 30 must not be construed to modify the rights set forth in this section.
  - Sec. 24. RCW 64.90.640 and 2022 c 27 s 6 are each amended to read as follows:
  - (1) Except in the case of a sale when delivery of a public offering statement is required, or unless exempt under RCW 64.90.600(2), a unit owner must furnish to a purchaser either before mutual acceptance of a written agreement between the purchaser and the unit owner for the purchase and sale of a unit upon request of the purchaser, or before execution of any contract for sale of a unit, or otherwise before conveyance, a resale certificate, signed by

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an officer or authorized agent of the association and based on the books and records of the association and the actual knowledge of the person signing the certificate, containing:

- (a) A statement disclosing any right of first refusal or other restraint on the free alienability of the unit contained in the declaration;
- (b) With respect to the selling unit owner's unit, a statement setting forth the amount of any assessment currently due, any delinquent assessments, and a statement of any special assessments that have been levied and have not been paid even though not yet due;
- (c) A statement, which must be current to within 45 days, of any assessments against any unit in the condominium that are past due over 30 days;
- (d) A statement, which must be current to within 45 days, of any monetary obligation of the association that is past due over 30 days;
- (e) A statement of any other fees payable to the association by unit owners;
  - (f) A statement of any expenditure or anticipated repair or replacement cost reasonably anticipated to be in excess of five percent of the board-approved annual budget of the association, regardless of whether the unit owners are entitled to approve such cost;
- 23 (g) A statement whether the association does or does not have a 24 reserve study prepared in accordance with RCW 64.90.545 and 25 64.90.550;
  - (h) The annual financial statement of the association, including the audit report if it has been prepared, for the year immediately preceding the current year;
- 29 (i) The most recent balance sheet and revenue and expense 30 statement, if any, of the association;
  - (j) The current operating budget of the association;
  - (k) A statement of any unsatisfied judgments against the association and the status of any legal actions in which the association is a party or a claimant as defined in RCW 64.50.010;
  - (1) A statement describing any insurance coverage carried by the association and contact information for the association's insurance broker or agent;
- 38 (m) A statement as to whether the board has given or received 39 notice in a record that any existing uses, occupancies, alterations, 40 or improvements in or to the seller's unit or to the limited common

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elements allocated to the unit violate any provision of the governing documents;

- (n) A statement of the number of units, if any, still owned by the declarant, whether the declarant has transferred control of the association to the unit owners, and the date of such transfer;
- (o) A statement as to whether the board has received notice in a record from a governmental agency of any violation of environmental, health, or building codes with respect to the seller's unit, the limited common elements allocated to that unit, or any other portion of the common interest community that has not been cured;
- (p) A statement of the remaining term of any leasehold estate affecting the common interest community and the provisions governing any extension or renewal of the leasehold estate;
- (q) A statement of any restrictions in the declaration affecting the amount that may be received by a unit owner upon sale;
- (r) In a cooperative, an accountant's statement, if any was prepared, as to the deductibility for federal income tax purposes by the unit owner of real estate taxes and interest paid by the association;
- (s) A statement describing any pending sale or encumbrance of common elements;
- (t) A statement disclosing the effect on the unit to be conveyed of any restrictions on the owner's right to use or occupy the unit or to lease the unit to another person;
- (u) A copy of the declaration, the organizational documents, the rules or regulations of the association, the minutes of board meetings and association meetings, except for any information exempt from disclosure under RCW 64.90.495(3), for the last 12 months, a summary of the current reserve study for the association, and any other information reasonably requested by mortgagees of prospective purchasers of units. Information requested generally by the federal national mortgage association, the federal home loan bank board, the government national mortgage association, the veterans administration, or the department of housing and urban development is deemed reasonable if the information is reasonably available to the association;
- (v) A statement whether the units or common elements of the common interest community are covered by a qualified warranty under chapter 64.35 RCW and, if so, a history of claims known to the association as having been made under any such warranty;

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1 (w) A description of any age-related occupancy restrictions 2 affecting the common interest community;

- (x) A statement describing any requirements related to electric vehicle charging stations located in the unit or the limited common elements allocated to the unit, including application status, insurance information, maintenance responsibilities, and any associated costs; and
- (y) If the association does not have a reserve study that has been prepared in accordance with RCW 64.90.545 and 64.90.550 or its governing documents, the following disclosure:

"This association does not have a current reserve study. The lack of a current reserve study poses certain risks to you, the purchaser. Insufficient reserves may, under some circumstances, require you to pay on demand as a special assessment your share of common expenses for the cost of major maintenance, repair, or replacement of a common element."

- (2) The association, within 10 days after a request by a unit owner, and subject to the payment of any fees imposed pursuant to RCW 64.90.405(2)(m), must furnish a resale certificate signed by an officer or authorized agent of the association and containing the information necessary to enable the unit owner to comply with this section. For the purposes of this chapter, a reasonable charge for the preparation of a resale certificate may not exceed \$275. The association may charge a unit owner a nominal fee not to exceed \$100 for updating a resale certificate within six months of the unit owner's request. A unit owner is not liable to the purchaser for any erroneous information provided by the association and included in the certificate.
- (3) (a) A purchaser is not liable for any unpaid assessment or fee greater than the amount set forth in the certificate prepared by the association.
- 32 (b) A unit owner is not liable to a purchaser for the failure or 33 delay of the association to provide the certificate in a timely 34 manner, but the purchase contract is voidable by the purchaser until 35 the certificate has been provided and for five days thereafter or 36 until conveyance, whichever occurs first.
- NEW SECTION. Sec. 25. A new section is added to chapter 64.90 RCW to read as follows:

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(1) The attorney general may issue a cease and desist letter to any declarant, unit owners' association, managing agent of a unit owners' association, or other agent of a unit owners' association to restrain and prevent a pattern of failure to follow the requirements of this chapter. If the recipient of a cease and desist letter does not comply within five calendar days of receipt of the letter, the attorney general may file an action in superior court at any time thereafter to enforce the cease and desist letter. If the court finds that the declarant, unit owners' association, managing agent of a unit owners' association, or other agent of a unit owners' association violated this chapter and failed to comply with a cease and desist letter, the court shall enjoin the declarant, unit owners' association, managing agent of a unit owners' association, or other agent of a unit owners' association from engaging in conduct that violates this chapter and shall impose a civil penalty of not more than \$5,000 per violation of the cease and desist letter. In any successful action to enforce a cease and desist letter under this chapter, the court shall award the attorney general the costs of bringing the action, including reasonable investigative costs and reasonable attorneys' fees. The remedies under this subsection are in addition to any other remedies a court may order under subsection (2) of this section.

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- (2) The legislature finds that the practices covered by this chapter are matters vitally affecting the public interest for the purpose of applying the consumer protection act, chapter 19.86 RCW. A pattern of violations of this chapter by a declarant, unit owners' association, managing agent of a unit owners' association, or other agent of a unit owners' association, evidenced by the issuance of two or more cease and desist letters pursuant to subsection (1) of this section, is not reasonable in relation to the development and preservation of business and is an unfair or deceptive act in trade or commerce and an unfair method of competition for purposes of applying the consumer protection act, chapter 19.86 RCW.
- (3) Remedies provided by chapter 19.86 RCW are cumulative and not exclusive.
- <u>NEW SECTION.</u> **Sec. 26.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

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NEW SECTION. Sec. 27. This act takes effect April 1, 2024.

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