

CERTIFICATION OF ENROLLMENT
ENGROSSED SECOND SUBSTITUTE SENATE BILL 5686

69th Legislature
2025 Regular Session

Passed by the Senate April 24, 2025
Yeas 27 Nays 19

President of the Senate

Passed by the House April 23, 2025
Yeas 56 Nays 41

**Speaker of the House of
Representatives**

Approved

Governor of the State of Washington

CERTIFICATE

I, Sarah Bannister, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **ENGROSSED SECOND SUBSTITUTE SENATE BILL 5686** as passed by the Senate and the House of Representatives on the dates hereon set forth.

Secretary

FILED

**Secretary of State
State of Washington**

ENGROSSED SECOND SUBSTITUTE SENATE BILL 5686

AS AMENDED BY THE HOUSE

Passed Legislature - 2025 Regular Session

State of Washington 69th Legislature 2025 Regular Session

By Senate Ways & Means (originally sponsored by Senators Orwall, Frame, Hasegawa, and Nobles)

READ FIRST TIME 02/28/25.

1 AN ACT Relating to expanding and funding the foreclosure
2 mediation program; amending RCW 61.24.005, 61.24.163, 61.24.165,
3 61.24.165, 61.24.005, 61.24.172, 64.32.200, 64.34.364, 64.38.100,
4 64.90.485, 64.32.170, 64.34.372, 64.38.045, and 64.90.495; adding new
5 sections to chapter 61.24 RCW; providing effective dates; and
6 providing an expiration date.

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

8 **Sec. 1.** RCW 61.24.005 and 2021 c 151 s 2 are each amended to
9 read as follows:

10 The definitions in this section apply throughout this chapter
11 unless the context clearly requires otherwise.

12 (1) "Affiliate of beneficiary" means any entity which controls,
13 is controlled by, or is under common control with a beneficiary.

14 (2) "Assessment" means all sums chargeable by the association
15 against a unit, including any assessments levied for common expenses,
16 finances or fees levied or imposed by the association pursuant to
17 chapters 64.32, 64.34, 64.38, and 64.90 RCW or the governing
18 documents, interest and late charges on any delinquent account, and
19 all costs of collection incurred by the association in connection
20 with the collection of a delinquent owner's account, including
21 reasonable attorneys' fees.

1 (3) "Association" means an association subject to chapter 64.32,
2 64.34, 64.38, or 64.90 RCW.

3 (4) "Beneficiary" means the holder of the instrument or document
4 evidencing the obligations secured by the deed of trust, excluding
5 persons holding the same as security for a different obligation.

6 ~~((3))~~ (5) "Borrower" means a person or a general partner in a
7 partnership, including a joint venture, that is liable for all or
8 part of the obligations secured by the deed of trust under the
9 instrument or other document that is the principal evidence of such
10 obligations, or the person's successors if they are liable for those
11 obligations under a written agreement with the beneficiary.

12 ~~((4))~~ (6) "Commercial loan" means a loan that is not made
13 primarily for personal, family, or household purposes.

14 ~~((5))~~ (7) "Department" means the department of commerce or its
15 designee.

16 ~~((6))~~ (8) "Fair value" means the value of the property
17 encumbered by a deed of trust that is sold pursuant to a trustee's
18 sale. This value shall be determined by the court or other
19 appropriate adjudicator by reference to the most probable price, as
20 of the date of the trustee's sale, which would be paid in cash or
21 other immediately available funds, after deduction of prior liens and
22 encumbrances with interest to the date of the trustee's sale, for
23 which the property would sell on such date after reasonable exposure
24 in the market under conditions requisite to a fair sale, with the
25 buyer and seller each acting prudently, knowledgeably, and for self-
26 interest, and assuming that neither is under duress.

27 ~~((7))~~ (9) "Grantor" means a person, or its successors, who
28 executes a deed of trust to encumber the person's interest in
29 property as security for the performance of all or part of the
30 borrower's obligations.

31 ~~((8))~~ (10) "Guarantor" means any person and its successors who
32 is not a borrower and who guarantees any of the obligations secured
33 by a deed of trust in any written agreement other than the deed of
34 trust.

35 ~~((9))~~ (11) "Housing counselor" means a housing counselor that
36 has been approved by the United States department of housing and
37 urban development or approved by the Washington state housing finance
38 commission.

1 ~~((10))~~ (12) "Notice of delinquency" means a notice of
2 delinquency as that phrase is used in chapters 64.32, 64.34, 64.38,
3 and 64.90 RCW.

4 (13) "Owner-occupied" means property that is the principal
5 residence of the borrower.

6 ~~((11))~~ (14) "Person" means any natural person, or legal or
7 governmental entity.

8 ~~((12))~~ (15) "Record" and "recorded" includes the appropriate
9 registration proceedings, in the instance of registered land.

10 ~~((13))~~ (16) "Residential real property" means property
11 consisting solely of a single-family residence, a residential
12 condominium unit, or a residential cooperative unit. For the purposes
13 of the application of RCW 61.24.163, residential real property
14 includes residential real property of up to four units.

15 ~~((14))~~ (17) "Senior beneficiary" means the beneficiary of a
16 deed of trust that has priority over any other deeds of trust
17 encumbering the same residential real property.

18 ~~((15))~~ (18) "Tenant-occupied property" means property
19 consisting solely of residential real property that is the principal
20 residence of a tenant subject to chapter 59.18 RCW or other building
21 with four or fewer residential units that is the principal residence
22 of a tenant subject to chapter 59.18 RCW.

23 ~~((16))~~ (19) "Trustee" means the person designated as the
24 trustee in the deed of trust or appointed under RCW 61.24.010(2).

25 ~~((17))~~ (20) "Trustee's sale" means a nonjudicial sale under a
26 deed of trust undertaken pursuant to this chapter.

27 (21) "Unit owner" means an owner of an apartment, unit, or lot in
28 an association subject to chapter 64.32, 64.34, 64.38, or 64.90 RCW.

29 NEW SECTION. **Sec. 2.** A new section is added to chapter 61.24
30 RCW to read as follows:

31 (1) A unit owner who is or may become delinquent to an
32 association for an assessment charged may contact a housing counselor
33 to receive housing counseling services.

34 (2) Housing counselors have a duty to act in good faith to assist
35 unit owners by:

36 (a) Preparing the unit owner for meetings with the association;

37 (b) Advising the unit owner about what documents the unit owner
38 must have to seek a repayment plan, modification, or other resolution

1 of an assessment charged or that may be charged in the future by the
2 association;

3 (c) Informing the unit owner about the alternatives to
4 foreclosure, including a repayment plan, modification, or other
5 possible resolution of an assessment charged or that may be charged
6 in the future by the association; and

7 (d) Providing other guidance, advice, and education as the
8 housing counselor considers necessary.

9 (3) Nothing in RCW 64.32.200, 64.34.364, 64.38.100, 64.90.485, or
10 this section precludes a meeting or negotiations between the housing
11 counselor, unit owner, and the association at any time, including
12 after the issuance of a notice of delinquency by the association for
13 past due assessments to the unit owner by the association.

14 (4) A unit owner who seeks the assistance of a housing counselor
15 may use the assistance of an attorney at any time.

16 (5) (a) A housing counselor or attorney assisting a unit owner may
17 refer the unit owner to mediation, pursuant to RCW 61.24.163.

18 (b) Prior to referring the unit owner to mediation, the housing
19 counselor or attorney shall submit a written request to the
20 association on behalf of the unit owner requesting that the unit
21 owner and association meet and confer over the assessment charged.

22 (c) The meet and confer session should occur within 30 days of
23 the housing counselor's or attorney's request to the association to
24 meet and confer, or at a later date as otherwise agreed by the
25 parties.

26 (d) During the meet and confer session, the participants must
27 address the issues which led to the delinquency that may enable the
28 unit owner and the association to reach a resolution including, but
29 not limited to, a delinquent assessment payment plan, waiver of
30 association imposed late fees or attorneys' fees, modification of a
31 delinquent assessment, modification of late fees or charges
32 associated with a delinquent assessment, or any other workout plan.

33 (e) The meet and confer session may be held by telephone or
34 videoconference.

35 (f) For the meet and confer session, the unit owner and the
36 association shall be responsible for their own respective attorneys'
37 fees, if any are incurred. Legal representation is not required for
38 either party participating in the meet and confer session.

1 (g) Following the meet and confer session, the housing counselor
2 or attorney shall determine whether mediation is appropriate based on
3 the individual circumstances.

4 (h) If the association refuses to participate in the meet and
5 confer session within 30 days of the request, or otherwise fails to
6 respond to the request within 30 days, then the unit owner may be
7 referred to mediation pursuant to RCW 61.24.163.

8 (i) If the unit owner refuses to participate in the meet and
9 confer session after it has been scheduled, then the housing
10 counselor or attorney may not refer the matter to mediation; however,
11 when a notice of trustee's sale has been recorded creating
12 insufficient time to meet and confer, or where a judgment in
13 foreclosure is pending and there is insufficient time to meet and
14 confer, a unit owner may be referred to mediation regardless of
15 whether the unit owner participates in a meet and confer session.

16 (6) During the time period between the date that the request to
17 meet and confer is made and the date that the meet and confer session
18 with the association is held, the association is prohibited from
19 charging to the unit owner any attorneys' fees the association may
20 have incurred attempting to collect the past due assessment.

21 (7) The referral to mediation may be made at any time after the
22 meet and confer session occurs, after refusal to participate by the
23 association, or after 30 days has passed since the request was made
24 with no response from the association, but no later than 90 days
25 prior to the date of sale listed in a notice of trustee's sale
26 provided to the unit owner, or for a judicial foreclosure, at any
27 time prior to the entry of a judgment in foreclosure. If an amended
28 notice of trustee's sale is recorded after the trustee sale has been
29 stayed pursuant to RCW 61.24.130, the unit owner may be referred to
30 mediation no later than 25 days prior to the date of sale listed in
31 the amended notice of trustee's sale. Nothing in this section
32 requires a delay or prohibits the referral of a unit owner to
33 mediation once a notice of trustee's sale has been recorded or
34 judicial foreclosure has been filed.

35 (8) Housing counselors providing assistance to unit owners under
36 this section are not liable for civil damages resulting from any acts
37 or omissions in providing assistance, unless the acts or omissions
38 constitute gross negligence or willful or wanton misconduct.

39 (9) Housing counselors shall provide information to the
40 department to assist the department in its annual report to the

1 legislature as required under RCW 61.24.163(22). The information
2 provided to the department by the housing counselors should include
3 outcomes of foreclosures and be similar to the information requested
4 in the national foreclosure mortgage counseling client level
5 foreclosure outcomes report form.

6 **Sec. 3.** RCW 61.24.163 and 2023 c 206 s 5 are each amended to
7 read as follows:

8 (1) The foreclosure mediation program established in this section
9 applies only to borrowers or unit owners who have been referred to
10 mediation by a housing counselor or attorney. The mediation program
11 under this section is not governed by chapter 7.07 RCW and does not
12 preclude mediation required by a court or other provision of law.

13 (2) For deed of trust foreclosure, the referral to mediation may
14 be made any time after a notice of default has been issued but no
15 later than 90 days prior to the date of sale listed in the notice of
16 trustee's sale. If an amended notice of trustee's sale is recorded
17 after the trustee sale has been stayed pursuant to RCW 61.24.130, the
18 borrower may be referred to mediation no later than 25 days prior to
19 the date of sale listed in the amended notice of trustee's sale. If
20 the borrower has failed to elect to mediate within the applicable
21 time frame, the borrower and the beneficiary may, but are under no
22 duty to, agree in writing to enter the foreclosure mediation program.
23 ~~((The mediation program under this section is not governed by chapter~~
24 ~~7.07 RCW and does not preclude mediation required by a court or other~~
25 ~~provision of law.~~

26 ~~(2))~~ (3) For association foreclosures, the referral to mediation
27 may be made as specified in section 2(7) of this act. If the unit
28 owner has failed to elect to mediate within the applicable time
29 frame, the unit owner and the association may, but are under no duty
30 to, agree in writing to enter the foreclosure mediation program.

31 (4) A housing counselor or attorney referring a borrower or unit
32 owner to mediation shall send a notice to the borrower or unit owner
33 and the department, stating that mediation is appropriate.

34 ~~((3))~~ (5) Within 10 days of receiving the notice, the
35 department shall:

36 (a) Send a notice to the beneficiary or association, the borrower
37 or unit owner, the housing counselor or attorney who referred the
38 borrower, and the trustee, if applicable, stating that the parties
39 have been referred to mediation. The notice must include the

1 statements and list of documents and information described in
2 subsections ~~((4))~~ (6) and ~~((5))~~ (7) of this section and a
3 statement explaining each party's responsibility to pay the
4 mediator's fee; and

5 (b) Select a mediator and notify the parties of the selection.

6 ~~((4) Within))~~ (6) For deed of trust foreclosures:

7 (a) Within 23 days of the department's notice that the parties
8 have been referred to mediation, the borrower shall transmit the
9 documents required for mediation to the mediator and the beneficiary.
10 The required documents include an initial homeowner financial
11 information worksheet as required by the department. The worksheet
12 must include, at a minimum, the following information:

13 ~~((a))~~ (i) The borrower's current and future income;

14 ~~((b))~~ (ii) Debts and obligations;

15 ~~((c))~~ (iii) Assets;

16 ~~((d))~~ (iv) Expenses;

17 ~~((e))~~ (v) Tax returns for the previous two years;

18 ~~((f))~~ (vi) Hardship information;

19 ~~((g))~~ (vii) Other applicable information commonly required by
20 any applicable federal mortgage relief program.

21 ~~((5))~~ (b) Within 20 days of the beneficiary's receipt of the
22 borrower's documents under this subsection, the beneficiary shall
23 transmit the documents required for mediation to the mediator and the
24 borrower. The required documents include:

25 ~~((a))~~ (i) An accurate statement containing the balance of the
26 loan within 30 days of the date on which the beneficiary's documents
27 are due to the parties;

28 ~~((b))~~ (ii) Copies of the note and deed of trust;

29 ~~((c))~~ (iii) Proof that the entity claiming to be the
30 beneficiary is the owner of any promissory note or obligation secured
31 by the deed of trust. Sufficient proof may be a copy of the
32 declaration described in RCW 61.24.030(7)(a);

33 ~~((d))~~ (iv) The best estimate of any arrearage and an itemized
34 statement of the arrearages;

35 ~~((e))~~ (v) An itemized list of the best estimate of fees and
36 charges outstanding;

37 ~~((f))~~ (vi) The payment history and schedule for the preceding
38 twelve months, or since default, whichever is longer, including a
39 breakdown of all fees and charges claimed;

1 ~~((g))~~ (vii) All borrower-related and mortgage-related input
2 data used in any net present values analysis. If no net present
3 values analysis is required by the applicable federal mortgage relief
4 program, then the input data required under the federal deposit
5 insurance corporation and published in the federal deposit insurance
6 corporation loan modification program guide, or if that calculation
7 becomes unavailable, substantially similar input data as determined
8 by the department;

9 ~~((h))~~ (viii) An explanation regarding any denial for a loan
10 modification, forbearance, or other alternative to foreclosure in
11 sufficient detail for a reasonable person to understand why the
12 decision was made;

13 ~~((i))~~ (ix) Appraisal or other broker price opinion most
14 recently relied upon by the beneficiary not more than 90 days old at
15 the time of the scheduled mediation; and

16 ~~((j))~~ (x) The portion or excerpt of the pooling and servicing
17 agreement or other investor restriction that prohibits the
18 beneficiary from implementing a modification, if the beneficiary
19 claims it cannot implement a modification due to limitations in a
20 pooling and servicing agreement or other investor restriction, and
21 documentation or a statement detailing the efforts of the beneficiary
22 to obtain a waiver of the pooling and servicing agreement or other
23 investor restriction provisions.

24 ~~((6))~~ (7) For association foreclosures:

25 (a) Within 23 days of the department's notice that the parties
26 have been referred to mediation, the association shall transmit the
27 documents required for mediation to the mediator and the unit owner.
28 The required documents include:

29 (i) An itemized ledger for the preceding 12 months, or since the
30 assessments became past due, whichever is longer. The ledger shall
31 include an itemized list of all dues, fines, special assessments, and
32 any other charges owed, with the date and amount for each item. The
33 ledger should include the total balance owed at the time the ledger
34 is transmitted, accurate within 30 days of the date on which the
35 association's documents are due to the parties;

36 (ii) Copies of all association liens placed against the property;

37 (iii) Copies of the current association declarations, bylaws, and
38 any other governing documents for the association.

39 (b) Within 20 days of the unit owner's receipt of the
40 association's documents, the unit owner shall transmit the documents

1 required for mediation to the mediator and the association. The
2 required documents include:

3 (i) Evidence of any unit owner payments to the association that
4 are not reflected on the association ledger, if any;

5 (ii) Statement of hardship, if relevant;

6 (iii) If the unit owner is interested in a payment plan, a
7 proposed schedule of payments to resolve the arrears.

8 (8) Within 70 days of receiving the referral from the department,
9 the mediator shall convene a mediation session in the county where
10 the property is located, unless the parties agree on another
11 location. The parties may agree to extend the time in which to
12 schedule the mediation session. If the parties agree to extend the
13 time, the beneficiary or association shall notify the trustee, if
14 applicable, of the extension and the date the mediator is expected to
15 issue the mediator's certification.

16 ~~((7))~~ (9)(a) The mediator may schedule phone conferences,
17 consultations with the parties individually, and other communications
18 to ensure that the parties have all the necessary information and
19 documents to engage in a productive mediation.

20 (b) The mediator must send written notice of the time, date, and
21 location of the mediation session to the borrower or unit owner, the
22 beneficiary or association, and the department at least 30 days prior
23 to the mediation session. At a minimum, the notice must contain:

24 (i) A statement that the borrower or unit owner may be
25 represented in the mediation session by an attorney or other
26 advocate;

27 (ii) A statement that a person with authority to agree to a
28 resolution, including a proposed settlement, loan modification,
29 repayment plan for assessments, modification of obligations related
30 to the payment of assessments, or dismissal or continuation of the
31 foreclosure proceeding, must be present either in person or on the
32 telephone or videoconference during the mediation session; and

33 (iii) A statement that the parties have a duty to mediate in good
34 faith and that failure to mediate in good faith may impair the
35 beneficiary's or association's ability to foreclose on the property
36 or the borrower's or unit owner's ability to modify the loan, modify
37 obligations relating to the payment of assessments, or take advantage
38 of other alternatives to foreclosure.

39 ~~((8))~~ (10)(a) The borrower, the beneficiary or authorized
40 agent, and the mediator must meet in person for the mediation

1 session. In an association foreclosure, the unit owner and
2 association or authorized agent and the mediator are encouraged to
3 meet in person for the mediation session, but may meet by telephone
4 or videoconference. However, a person with authority to agree to a
5 resolution on behalf of the beneficiary or association may be present
6 over the telephone or videoconference during the mediation session.

7 (b) After the mediation session commences, the mediator may
8 continue the mediation session once, and any further continuances
9 must be with the consent of the parties.

10 (~~(9)~~) (11) For deed of trust foreclosures, the participants
11 in mediation must address the issues of foreclosure that may enable
12 the borrower and the beneficiary to reach a resolution, including but
13 not limited to reinstatement, modification of the loan, restructuring
14 of the debt, or some other workout plan. To assist the parties in
15 addressing issues of foreclosure, the mediator may require the
16 participants to consider the following:

17 (a) The borrower's current and future economic circumstances,
18 including the borrower's current and future income, debts, and
19 obligations for the previous 60 days or greater time period as
20 determined by the mediator;

21 (b) The net present value of receiving payments pursuant to a
22 modified mortgage loan as compared to the anticipated net recovery
23 following foreclosure;

24 (c) Any affordable loan modification calculation and net present
25 value calculation when required under any federal mortgage relief
26 program and any modification program related to loans insured by the
27 federal housing administration, the veterans administration, and the
28 rural housing service. If such a calculation is not provided or
29 required, then the beneficiary must provide the net present value
30 data inputs established by the federal deposit insurance corporation
31 and published in the federal deposit insurance corporation loan
32 modification program guide or other net present value data inputs as
33 designated by the department. The mediator may run the calculation in
34 order for a productive mediation to occur and to comply with the
35 mediator certification requirement; and

36 (d) Any other loss mitigation guidelines to loans insured by the
37 federal housing administration, the veterans administration, and the
38 rural housing service, if applicable.

39 (~~(10)~~) (12) For association foreclosures, the participants in
40 mediation must address the issues which led to foreclosure that may

1 enable the unit owner and the association to reach a resolution
2 including, but not limited to, a delinquent assessment payment plan,
3 waiver of association imposed late fees or attorneys' fees,
4 modification of a delinquent assessment, modification of late fees or
5 charges associated with a delinquent assessment, or any other workout
6 plan.

7 (13) A violation of the duty to mediate in good faith as required
8 under this section may include:

9 (a) Failure to timely participate in mediation without good
10 cause;

11 (b) Failure of the borrower ~~((or))~~, the unit owner, the
12 beneficiary, or the association to provide the documentation required
13 before mediation or pursuant to the mediator's instructions;

14 (c) Failure of a party to designate representatives with adequate
15 authority to fully settle, compromise, or otherwise reach resolution
16 with the borrower or unit owner in mediation; ~~((and))~~

17 (d) A request by a beneficiary that the borrower waive future
18 claims he or she may have in connection with the deed of trust, as a
19 condition of agreeing to a modification, except for rescission claims
20 under the federal truth in lending act. Nothing in this section
21 precludes a beneficiary from requesting that a borrower dismiss with
22 prejudice any pending claims against the beneficiary, its agents,
23 loan servicer, or trustee, arising from the underlying deed of trust,
24 as a condition of modification; and

25 (e) A request by the association that the unit owner waive future
26 claims against the association. Nothing in this section precludes an
27 association from requesting that a unit owner dismiss any civil
28 claims against the association related to the present delinquency.

29 ~~((11))~~ (14) If the mediator reasonably believes a borrower or
30 unit owner will not attend a mediation session based on the
31 borrower's or unit owner's conduct, such as the lack of response to
32 the mediator's communications, the mediator may cancel a scheduled
33 mediation session and send a written cancellation to the department
34 and the trustee and send copies to the parties. The beneficiary or
35 association may proceed with the foreclosure after receipt of the
36 mediator's written confirmation of cancellation.

37 ~~((12))~~ (15) Within seven business days after the conclusion of
38 the mediation session, the mediator must send a written certification
39 to the department and the trustee and send copies to the parties of:

40 (a) The date, time, and location of the mediation session;

1 (b) The names of all persons attending in person and by telephone
2 or videoconference, at the mediation session;

3 (c) Whether a resolution was reached by the parties, including
4 whether the default or delinquency was cured by reinstatement,
5 modification, or restructuring of the debt, repayment plan, or some
6 other alternative to foreclosure was agreed upon by the parties;

7 (d) Whether the parties participated in the mediation in good
8 faith; and

9 (e) (~~(15)~~) For deed of trust foreclosures, if a written agreement
10 was not reached, a description of any net present value test used,
11 along with a copy of the inputs, including the result of any net
12 present value test expressed in a dollar amount.

13 (~~(13)~~) (16) If the parties are unable to reach an agreement,
14 the beneficiary or association may proceed with the foreclosure after
15 receipt of the mediator's written certification.

16 (~~(14)~~) (17)(a) The mediator's certification that the
17 beneficiary or association failed to act in good faith in mediation
18 constitutes a defense to the nonjudicial foreclosure action that was
19 the basis for initiating the mediation. In any action to enjoin the
20 foreclosure, the beneficiary or association is entitled to rebut the
21 allegation that it failed to act in good faith.

22 (b) The mediator's certification that the beneficiary or
23 association failed to act in good faith during mediation does not
24 constitute a defense to a judicial foreclosure or a future
25 nonjudicial foreclosure action if a modification of the loan or
26 delinquent assessment payment plan is agreed upon and the borrower
27 subsequently defaults or unit owner fails to pay assessments.

28 (c) If an affordable loan modification is not offered in the
29 mediation or a written agreement was not reached and the mediator's
30 certification shows that the net present value of the modified loan
31 exceeds the anticipated net recovery at foreclosure, that showing in
32 the certification constitutes a basis for the borrower to enjoin the
33 foreclosure.

34 (~~(15)~~) (18) The mediator's certification that the borrower or
35 unit owner failed to act in good faith in mediation authorizes the
36 beneficiary or association to proceed with the foreclosure.

37 (~~(16)~~) (19)(a) If a borrower or unit owner has been referred to
38 mediation before a notice of trustee sale has been recorded, a
39 trustee may not record the notice of sale until the trustee receives
40 the mediator's certification stating that the mediation has been

1 completed. If the trustee does not receive the mediator's
2 certification, the trustee may record the notice of sale after 10
3 days from the date the certification to the trustee was due. If,
4 after a notice of sale is recorded under this subsection (~~((16))~~)
5 (19)(a), the mediator subsequently issues a certification finding
6 that the beneficiary or association violated the duty of good faith,
7 the certification constitutes a basis for the borrower or unit owner
8 to enjoin the foreclosure.

9 (b) If a borrower or unit owner has been referred to mediation
10 after the notice of sale was recorded, the sale may not occur until
11 the trustee receives the mediator's certification stating that the
12 mediation has been completed.

13 (~~((17))~~) (c) If a unit owner has been referred to mediation
14 before the filing of a judicial foreclosure, the association may not
15 file a complaint for judicial foreclosure until the association
16 receives the mediator's certification stating that the mediation has
17 been completed. If a unit owner has been referred to mediation after
18 the filing of a judicial foreclosure, but prior to the issuance of a
19 judgment in the foreclosure action, the association may not seek
20 judgment in the foreclosure action until the association receives the
21 mediator's certification stating that the mediation has been
22 completed. If the association does not receive the mediator's
23 certification, the association may file for judicial foreclosure or
24 move for judgment in a judicial foreclosure action after 10 days from
25 the date the certification to the association was due. If an
26 association entitled to bring a judicial foreclosure action
27 participates in mediation under this section, the time spent in
28 mediation shall not be a part of the time limited for the
29 commencement of the judicial foreclosure action.

30 (20) A mediator may charge reasonable fees as authorized by this
31 subsection or as authorized by the department. Unless the fee is
32 waived, the parties agree otherwise, or the department otherwise
33 authorizes, a foreclosure mediator's fee may not exceed \$400 for
34 preparing, scheduling, and conducting a mediation session lasting
35 between one hour and three hours. For a mediation session exceeding
36 three hours, the foreclosure mediator may charge a reasonable fee, as
37 authorized by the department. The mediator must provide an estimated
38 fee before the mediation, and payment of the mediator's fee must be
39 divided equally between the beneficiary and the borrower, or between
40 the association and the unit owner. The beneficiary and the borrower,

1 or the association and the unit owner, must tender the ((loan))
2 mediator's fee within 30 calendar days from receipt of the
3 department's letter referring the parties to mediation or pursuant to
4 the mediator's instructions.

5 ~~((18))~~ (21) For association foreclosures, the unit owner and
6 the association shall be responsible for their own respective
7 attorneys' fees, if any are incurred during mediation under this
8 section. Legal representation is not required for either party
9 participating in an association foreclosure mediation.

10 (22) Beginning December 1, 2012, and every year thereafter, the
11 department shall report annually to the legislature on:

12 (a) The performance of the program, including the number ~~((s))~~ of
13 borrowers who are referred to mediation by a housing counselor or
14 attorney. Beginning December 1, 2026, the report must also include
15 the number of unit owners who are referred to mediation by a housing
16 counselor or attorney;

17 (b) The results of the mediation program, including the number of
18 mediations requested by housing counselors and attorneys, the number
19 of certifications of good faith issued, the number of borrowers and
20 beneficiaries who failed to mediate in good faith, and the reasons
21 for the failure to mediate in good faith, if known, the numbers of
22 loans restructured or modified, the change in the borrower's monthly
23 payment for principal and interest and the number of principal write-
24 downs and interest rate reductions, and, to the extent practical, the
25 number of borrowers who report a default within a year of
26 restructuring or modification. Beginning December 1, 2026, the report
27 must also include the number of unit owners and associations who
28 failed to mediate in good faith, and the reasons for the failure to
29 mediate in good faith, if known, the number of debts for delinquent
30 assessments restructured or modified, the change in the unit owner's
31 periodic assessment payments including any reductions in late charges
32 or interest rates, and, to the extent practical, the number of unit
33 owners who report a delinquency within a year of restructuring or
34 modification;

35 (c) The information received by housing counselors regarding
36 outcomes of foreclosures; and

37 (d) Any recommendations for changes to the statutes regarding the
38 mediation program.

39 ~~((19))~~ (23) This section does not apply to certain federally
40 insured depository institutions, as specified in RCW 61.24.166.

1 (24) The department shall make information and resources
2 regarding common interest community foreclosures and related
3 foreclosure programs and resources publicly available online. The
4 information shall be made available in language translations that the
5 department provides in its other programs and when the information is
6 requested verbally the department shall use a phone-based or other
7 similar interpretive service. The information to be provided must
8 include, but is not limited to, the following:

- 9 (a) The housing counseling program;
10 (b) The meet and confer process;
11 (c) The foreclosure mediation program;
12 (d) Language translations of the notice of delinquency for past
13 due assessments; and
14 (e) Any other programs and resources that the department
15 determines are relevant.

16 **Sec. 4.** RCW 61.24.165 and 2023 c 206 s 6 are each amended to
17 read as follows:

18 (1) Except as provided in subsection (3) of this section, RCW
19 61.24.163 applies only to deeds of trust that are recorded against
20 residential real property of up to four units.

21 (2) RCW 61.24.163 does not apply to deeds of trust:

- 22 (a) Securing a commercial loan;
23 (b) Securing obligations of a grantor who is not the borrower or
24 a guarantor;
25 (c) Securing a purchaser's obligations under a seller-financed
26 sale; or
27 (d) Where the grantor is a partnership, corporation, or limited
28 liability company, or where the property is vested in a partnership,
29 corporation, or limited liability company at the time the notice of
30 default is issued.

31 (3) ~~RCW 61.24.163 ((does not apply to association beneficiaries~~
32 ~~subject to chapter 64.32, 64.34, or 64.38 RCW))~~ also applies to
33 associations seeking to foreclose liens or deficiencies via
34 nonjudicial or judicial foreclosure.

35 (4) For purposes of referral and mediation under RCW 61.24.163, a
36 person may be referred to mediation if the borrower or unit owner is
37 deceased and the person is a successor in interest of the deceased
38 borrower or unit owner. The referring counselor or attorney must
39 determine a person's eligibility under this section and indicate the

1 grounds for eligibility on the referral to mediation submitted to the
2 department. For the purposes of mediation under RCW 61.24.163, the
3 person must be treated as a "borrower" or "unit owner." This
4 subsection does not impose an affirmative duty on the beneficiary to
5 accept an assumption of the loan.

6 (5) For purposes of referral and mediation under RCW 61.24.163, a
7 person may be referred to mediation if the person has been awarded
8 title to the property in a proceeding for dissolution or legal
9 separation. The referring counselor or attorney must determine the
10 person's eligibility under this section and indicate the grounds for
11 eligibility on the referral to mediation submitted to the department.
12 For the purposes of mediation under RCW 61.24.163, the person must be
13 treated as a "borrower" or "unit owner." This subsection does not
14 impose an affirmative duty on the beneficiary to accept an assumption
15 of the loan.

16 NEW SECTION. **Sec. 5.** A new section is added to chapter 61.24
17 RCW to read as follows:

18 (1) A unit owner who is or may become delinquent to an
19 association for an assessment charged may contact a housing counselor
20 to receive housing counseling services.

21 (2) Housing counselors have a duty to act in good faith to assist
22 unit owners by:

23 (a) Preparing the unit owner for meetings with the association;

24 (b) Advising the unit owner about what documents the unit owner
25 must have to seek a repayment plan, modification, or other resolution
26 of an assessment charged or that may be charged in the future by the
27 association;

28 (c) Informing the unit owner about the alternatives to
29 foreclosure, including a repayment plan, modification, or other
30 possible resolution of an assessment charged or that may be charged
31 in the future by the association; and

32 (d) Providing other guidance, advice, and education as the
33 housing counselor considers necessary.

34 (3) Nothing in RCW 64.90.485 or this section precludes a meeting
35 or negotiations between the housing counselor, unit owner, and the
36 association at any time, including after the issuance of a notice of
37 delinquency by the association for past due assessments to the unit
38 owner by the association.

1 (4) A unit owner who seeks the assistance of a housing counselor
2 may use the assistance of an attorney at any time.

3 (5) (a) A housing counselor or attorney assisting a unit owner may
4 refer the unit owner to mediation, pursuant to RCW 61.24.163.

5 (b) Prior to referring the unit owner to mediation, the housing
6 counselor or attorney shall submit a written request to the
7 association on behalf of the owner requesting that the unit owner and
8 association meet and confer over the assessment charged.

9 (c) The meet and confer session should occur within 30 days of
10 the housing counselor's or attorney's request to the association to
11 meet and confer, or at a later date as otherwise agreed by the
12 parties.

13 (d) During the meet and confer session, the participants must
14 address the issues which led to the delinquency that may enable the
15 unit owner and the association to reach a resolution including, but
16 not limited to, a delinquent assessment payment plan, waiver of
17 association imposed late fees or attorneys' fees, modification of a
18 delinquent assessment, modification of late fees or charges
19 associated with a delinquent assessment, or any other workout plan.

20 (e) The meet and confer session may be held by telephone or
21 videoconference.

22 (f) For the meet and confer session, the unit owner and the
23 association shall be responsible for their own respective attorneys'
24 fees, if any are incurred. Legal representation is not required for
25 either party participating in the meet and confer session.

26 (g) Following the meet and confer session, the housing counselor
27 or attorney shall determine whether mediation is appropriate based on
28 the individual circumstances.

29 (h) If the association refuses to participate in the meet and
30 confer session within 30 days of the request, or otherwise fails to
31 respond to the request within 30 days, then the unit owner may be
32 referred to mediation pursuant to RCW 61.24.163.

33 (i) If the unit owner refuses to participate in the meet and
34 confer session after it has been scheduled, then the housing
35 counselor or attorney may not refer the matter to mediation; however,
36 when a notice of trustee's sale has been recorded creating
37 insufficient time to meet and confer, or where a judgment in
38 foreclosure is pending and there is insufficient time to meet and
39 confer, a unit owner may be referred to mediation regardless of
40 whether the unit owner participates in a meet and confer session.

1 (6) During the time period between the date that the request to
2 meet and confer is made and the date that the meet and confer session
3 with the association is held, the association is prohibited from
4 charging to the unit owner any attorneys' fees the association may
5 have incurred attempting to collect the past due assessment.

6 (7) The referral to mediation may be made at any time after the
7 meet and confer session occurs, after refusal to participate by the
8 association, or after 30 days has passed since the request was made
9 with no response from the association, but no later than 90 days
10 prior to the date of sale listed in a notice of trustee's sale
11 provided to the unit owner, or for a judicial foreclosure, at any
12 time prior to the entry of a judgment in foreclosure. If an amended
13 notice of trustee's sale is recorded after the trustee sale has been
14 stayed pursuant to RCW 61.24.130, the unit owner may be referred to
15 mediation no later than 25 days prior to the date of sale listed in
16 the amended notice of trustee's sale. Nothing in this section
17 requires a delay or prohibits the referral of a unit owner to
18 mediation once a notice of trustee's sale has been recorded or a
19 judicial foreclosure has been filed.

20 (8) Housing counselors providing assistance to unit owners under
21 this section are not liable for civil damages resulting from any acts
22 or omissions in providing assistance, unless the acts or omissions
23 constitute gross negligence or willful or wanton misconduct.

24 (9) Housing counselors shall provide information to the
25 department to assist the department in its annual report to the
26 legislature as required under RCW 61.24.163(22). The information
27 provided to the department by the housing counselors should include
28 outcomes of foreclosures and be similar to the information requested
29 in the national foreclosure mortgage counseling client level
30 foreclosure outcomes report form.

31 **Sec. 6.** RCW 61.24.165 and 2024 c 321 s 413 are each amended to
32 read as follows:

33 (1) Except as provided in subsection (3) of this section, RCW
34 61.24.163 applies only to deeds of trust that are recorded against
35 residential real property of up to four units.

36 (2) RCW 61.24.163 does not apply to deeds of trust:

37 (a) Securing a commercial loan;

38 (b) Securing obligations of a grantor who is not the borrower or
39 a guarantor;

1 (c) Securing a purchaser's obligations under a seller-financed
2 sale; or

3 (d) Where the grantor is a partnership, corporation, or limited
4 liability company, or where the property is vested in a partnership,
5 corporation, or limited liability company at the time the notice of
6 default is issued.

7 (3) RCW 61.24.163 (~~does not apply to association beneficiaries~~
8 ~~subject to chapter 64.90 RCW~~) also applies to associations seeking
9 to foreclose liens or deficiencies via nonjudicial or judicial
10 foreclosure.

11 (4) For purposes of referral and mediation under RCW 61.24.163, a
12 person may be referred to mediation if the borrower or unit owner is
13 deceased and the person is a successor in interest of the deceased
14 borrower or unit owner. The referring counselor or attorney must
15 determine a person's eligibility under this section and indicate the
16 grounds for eligibility on the referral to mediation submitted to the
17 department. For the purposes of mediation under RCW 61.24.163, the
18 person must be treated as a "borrower" or "unit owner." This
19 subsection does not impose an affirmative duty on the beneficiary to
20 accept an assumption of the loan.

21 (5) For purposes of referral and mediation under RCW 61.24.163, a
22 person may be referred to mediation if the person has been awarded
23 title to the property in a proceeding for dissolution or legal
24 separation. The referring counselor or attorney must determine the
25 person's eligibility under this section and indicate the grounds for
26 eligibility on the referral to mediation submitted to the department.
27 For the purposes of mediation under RCW 61.24.163, the person must be
28 treated as a "borrower" or "unit owner." This subsection does not
29 impose an affirmative duty on the beneficiary to accept an assumption
30 of the loan.

31 **Sec. 7.** RCW 61.24.005 and 2021 c 151 s 2 are each amended to
32 read as follows:

33 The definitions in this section apply throughout this chapter
34 unless the context clearly requires otherwise.

35 (1) "Affiliate of beneficiary" means any entity which controls,
36 is controlled by, or is under common control with a beneficiary.

37 (2) "Assessment" means all sums chargeable by the association
38 against a unit, including any assessments levied for common expenses,
39 finances or fees levied or imposed by the association pursuant to

1 chapter 64.90 RCW or the governing documents, interest and late
2 charges on any delinquent account, and all costs of collection
3 incurred by the association in connection with the collection of a
4 delinquent owner's account, including reasonable attorneys' fees.

5 (3) "Association" means an association subject to chapter 64.90
6 RCW.

7 (4) "Beneficiary" means the holder of the instrument or document
8 evidencing the obligations secured by the deed of trust, excluding
9 persons holding the same as security for a different obligation.

10 ~~((3))~~ (5) "Borrower" means a person or a general partner in a
11 partnership, including a joint venture, that is liable for all or
12 part of the obligations secured by the deed of trust under the
13 instrument or other document that is the principal evidence of such
14 obligations, or the person's successors if they are liable for those
15 obligations under a written agreement with the beneficiary.

16 ~~((4))~~ (6) "Commercial loan" means a loan that is not made
17 primarily for personal, family, or household purposes.

18 ~~((5))~~ (7) "Department" means the department of commerce or its
19 designee.

20 ~~((6))~~ (8) "Fair value" means the value of the property
21 encumbered by a deed of trust that is sold pursuant to a trustee's
22 sale. This value shall be determined by the court or other
23 appropriate adjudicator by reference to the most probable price, as
24 of the date of the trustee's sale, which would be paid in cash or
25 other immediately available funds, after deduction of prior liens and
26 encumbrances with interest to the date of the trustee's sale, for
27 which the property would sell on such date after reasonable exposure
28 in the market under conditions requisite to a fair sale, with the
29 buyer and seller each acting prudently, knowledgeably, and for self-
30 interest, and assuming that neither is under duress.

31 ~~((7))~~ (9) "Grantor" means a person, or its successors, who
32 executes a deed of trust to encumber the person's interest in
33 property as security for the performance of all or part of the
34 borrower's obligations.

35 ~~((8))~~ (10) "Guarantor" means any person and its successors who
36 is not a borrower and who guarantees any of the obligations secured
37 by a deed of trust in any written agreement other than the deed of
38 trust.

39 ~~((9))~~ (11) "Housing counselor" means a housing counselor that
40 has been approved by the United States department of housing and

1 urban development or approved by the Washington state housing finance
2 commission.

3 ~~((10))~~ (12) "Notice of delinquency" means a notice of
4 delinquency as that phrase is used in chapter 64.90 RCW.

5 (13) "Owner-occupied" means property that is the principal
6 residence of the borrower.

7 ~~((11))~~ (14) "Person" means any natural person, or legal or
8 governmental entity.

9 ~~((12))~~ (15) "Record" and "recorded" includes the appropriate
10 registration proceedings, in the instance of registered land.

11 ~~((13))~~ (16) "Residential real property" means property
12 consisting solely of a single-family residence, a residential
13 condominium unit, or a residential cooperative unit. For the purposes
14 of the application of RCW 61.24.163, residential real property
15 includes residential real property of up to four units.

16 ~~((14))~~ (17) "Senior beneficiary" means the beneficiary of a
17 deed of trust that has priority over any other deeds of trust
18 encumbering the same residential real property.

19 ~~((15))~~ (18) "Tenant-occupied property" means property
20 consisting solely of residential real property that is the principal
21 residence of a tenant subject to chapter 59.18 RCW or other building
22 with four or fewer residential units that is the principal residence
23 of a tenant subject to chapter 59.18 RCW.

24 ~~((16))~~ (19) "Trustee" means the person designated as the
25 trustee in the deed of trust or appointed under RCW 61.24.010(2).

26 ~~((17))~~ (20) "Trustee's sale" means a nonjudicial sale under a
27 deed of trust undertaken pursuant to this chapter.

28 (21) "Unit owner" means an owner of a unit in an association
29 subject to chapter 64.90 RCW.

30 NEW SECTION. **Sec. 8.** A new section is added to chapter 61.24
31 RCW to read as follows:

32 (1) For each residential mortgage loan, as defined in RCW
33 31.04.015(24), originated within or outside of the state of
34 Washington and related to property located within the state of
35 Washington, excepting only reverse mortgage loans issued to seniors
36 over the age of 61, a foreclosure prevention fee of \$80 shall be
37 assessed and due and payable at the time of closing by the escrow
38 agent or other settlement or closing agent processing the loan
39 closing into the foreclosure fairness account created in RCW

1 61.24.172. This foreclosure prevention fee may be financed in the
2 loan and paid from the loan proceeds or from any borrower cash
3 contribution at the time of closing. The department may make policies
4 and procedures related to the implementation, collection, remittance,
5 and management of the fee and may enter into individualized
6 agreements governing the efficient remittance of the fee.

7 (2) At or before the time that the foreclosure prevention fee is
8 assessed under subsection (1) of this section, the escrow agent or
9 other settlement or closing agent must provide the borrower with a
10 notice of the foreclosure prevention fee and its purpose. The
11 department must create a notice form that an escrow agent or other
12 settlement or closing agent may use to satisfy this notice
13 requirement. The notice form must include the toll-free numbers for
14 the statewide foreclosure hotline recommended by the housing finance
15 commission.

16 **Sec. 9.** RCW 61.24.172 and 2021 c 151 s 9 are each amended to
17 read as follows:

18 The foreclosure fairness account is created in the custody of the
19 state treasurer. All receipts received under RCW 61.24.174, as it
20 existed prior to July 1, 2016, 61.24.173, ~~((and))~~ 61.24.190, and
21 section 8 of this act must be deposited into the account. Only the
22 director of the department of commerce or the director's designee may
23 authorize expenditures from the account. Funding to agencies and
24 organizations under this section must be provided by the department
25 through an interagency agreement or other applicable contract
26 instrument. The account is subject to allotment procedures under
27 chapter 43.88 RCW, but an appropriation is not required for
28 expenditures. ~~((Biennial expenditures from the account must be used~~
29 ~~as follows: Four hundred thousand dollars to fund the counselor~~
30 ~~referral hotline.))~~ The ~~((remaining))~~ funds shall be distributed as
31 follows: (1) ~~((Sixty-nine))~~ 50 percent for the purposes of providing
32 housing counseling activities to benefit borrowers; (2) eight percent
33 to the office of the attorney general to be used by the consumer
34 protection division to enforce this chapter; (3) ~~((six))~~ 16.5 percent
35 to the office of civil legal aid to be used for the purpose of
36 contracting with qualified legal aid programs for legal
37 representation of homeowners in matters relating to foreclosure; (4)
38 15 percent to fund the foreclosure prevention hotline; (5) 0.5
39 percent to fund outreach; and (6) 10 percent to the department to be

1 used for implementation and operation of the foreclosure fairness
2 act. Funds provided under (~~this~~) subsection (3) of this section
3 must be used to supplement, not supplant, other federal, state, and
4 local funds (~~and (4) seventeen percent to the department to be used~~
5 ~~for implementation and operation of the foreclosure fairness act~~)).

6 The department shall enter into interagency agreements to
7 contract with the Washington state housing finance commission and
8 other appropriate entities to implement the foreclosure fairness act.

9 NEW SECTION. **Sec. 10.** A new section is added to chapter 61.24
10 RCW to read as follows:

11 By December 31, 2025, the department shall provide a report to
12 the appropriate committees of the legislature on the number and
13 amounts received from the notice of default fee remitted under RCW
14 61.24.190 and the foreclosure prevention fee remitted under section 8
15 of this act into the foreclosure fairness account authorized under
16 RCW 61.24.172 for revenue collected from July 1, 2025, through
17 November 30, 2025, and then post such information on the department
18 website annually thereafter.

19 **Sec. 11.** RCW 64.32.200 and 2023 c 214 s 2 are each amended to
20 read as follows:

21 (1) The declaration may provide for the collection of all sums
22 assessed by the association of apartment owners for the share of the
23 common expenses chargeable to any apartment and the collection may be
24 enforced in any manner provided in the declaration including, but not
25 limited to, (a) 10 days notice shall be given the delinquent
26 apartment owner to the effect that unless such assessment is paid
27 within 10 days any or all utility services will be forthwith severed
28 and shall remain severed until such assessment is paid, or (b)
29 collection of such assessment may be made by such lawful method of
30 enforcement, judicial or extra-judicial, as may be provided in the
31 declaration and/or bylaws.

32 (2) All sums assessed by the association of apartment owners but
33 unpaid for the share of the common expenses chargeable to any
34 apartment shall constitute a lien on such apartment prior to all
35 other liens except only (a) tax liens on the apartment in favor of
36 any assessing unit and/or special district, and (b) all sums unpaid
37 on all mortgages of record. Such lien is not subject to the ban
38 against execution or forced sales of homesteads under RCW 6.13.080

1 and, subject to the provisions in subsection (5) of this section, may
2 be foreclosed by suit by the manager or board of directors, acting on
3 behalf of the apartment owners, in like manner as a mortgage of real
4 property. In any such foreclosure the apartment owner shall be
5 required to pay a reasonable rental for the apartment, if so provided
6 in the bylaws, and the plaintiff in such foreclosures shall be
7 entitled to the appointment of a receiver to collect the same. The
8 manager or board of directors, acting on behalf of the apartment
9 owners, shall have power, unless prohibited by the declaration, to
10 bid on the apartment at foreclosure sale, and to acquire and hold,
11 lease, mortgage, and convey the same. Upon an express waiver in the
12 complaint of any right to a deficiency judgment, the period of
13 redemption shall be eight months after the sale. Suit to recover any
14 judgment for any unpaid common expenses shall be maintainable without
15 foreclosing or waiving the liens securing the same.

16 (3) Where the mortgagee of a mortgage of record or other
17 purchaser of an apartment obtains possession of the apartment as a
18 result of foreclosure of the mortgage, such possessor, his or her
19 successors and assigns shall not be liable for the share of the
20 common expenses or assessments by the association of apartment owners
21 chargeable to such apartment which became due prior to such
22 possession. Such unpaid share of common expenses or assessments shall
23 be deemed to be common expenses collectible from all of the apartment
24 owners including such possessor, his or her successors and assigns.

25 (4) (a) (~~When the association, or the manager or board of~~
26 ~~directors on its behalf, mails to the apartment owner by first-class~~
27 ~~mail the first notice of delinquency for past due assessments to the~~
28 ~~apartment address and to any other address that the owner has~~
29 ~~provided to the association, the association shall include a first~~
30 ~~preforeclosure notice that states)) No later than 30 days after an
31 assessment becomes past due, an association must provide a notice of
32 delinquency to an apartment owner by first-class mail that meets the
33 following criteria. The notice of delinquency must:~~

34 (i) Be mailed to the apartment address and to any other address
35 that an apartment owner has provided to the association for the
36 transmission of notice, and by email if the apartment owner's
37 electronic address is known to the association;

38 (ii) Be provided in English and any other language indicated as a
39 preference for correspondence by an apartment owner. Translation

1 inaccuracies shall not diminish a good faith effort to provide notice
2 in a preferred language other than English; and

3 (iii) Include a first preforeclosure notice that states as
4 follows:

5 **THIS IS A NOTICE OF DELINQUENCY FOR PAST DUE ASSESSMENTS**
6 **FROM THE APARTMENT OWNERS' ASSOCIATION TO WHICH YOUR HOME BELONGS.**
7 **THIS NOTICE IS ONE STEP IN A PROCESS THAT COULD RESULT IN YOUR LOSING**
8 **YOUR HOME.**

9 **CONTACT A HOUSING COUNSELOR OR AN ATTORNEY LICENSED IN WASHINGTON NOW**
10 to assess your situation and refer you to mediation if you might
11 benefit. **DO NOT DELAY.**

12 **BE CAREFUL** of people who claim they can help you. There are many
13 individuals and businesses that prey upon borrowers in distress.
14 **REFER TO THE CONTACTS BELOW** for sources of assistance.

15 **SEEKING ASSISTANCE**

16 Housing counselors and legal assistance may be available at
17 little or no cost to you. Housing counselors and attorneys may assist
18 you in meeting and conferring with your association to resolve the
19 past due assessments, and based on the circumstances refer you to the
20 foreclosure mediation program. If you would like assistance in
21 determining your rights and opportunities to keep your house, you may
22 contact the following:

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

25 Telephone: Website:

26 The United States Department of Housing and Urban Development

27 Telephone: Website:

28 The statewide civil legal aid hotline for assistance and
29 referrals to other housing counselors and attorneys

30 Telephone: Website:

31 The association shall obtain the toll-free numbers and website
32 information from the department of commerce for inclusion in the
33 notice.

34 (b) Notwithstanding any other provisions of this chapter, until
35 the 15th day after providing an apartment owner with a notice of
36 delinquency that meets the requirements in (a) of this subsection, an
37 association may not:

38 (i) Take any other action to collect a delinquent assessment; or

1 (ii) Charge an apartment owner for any costs related to the
2 collection of the delinquent assessment except for:

3 (A) The actual costs of printing and mailing the notice of
4 delinquency;

5 (B) An administrative fee of no more than \$10 related to
6 providing the notice of delinquency; and

7 (C) A single late fee of no more than \$50 or five percent of the
8 amount of the unpaid assessment which triggered the fee, whichever is
9 less.

10 (c) If, when a delinquent account is referred to an association's
11 attorney, the first preforeclosure notice required under (a) of this
12 subsection has not yet been mailed to the apartment owner, the
13 association or the association's attorney shall mail the first
14 preforeclosure notice to the apartment owner in order to satisfy the
15 requirement in (a) of this subsection.

16 ~~((e))~~ (d) Mailing the first preforeclosure notice pursuant to
17 (a) of this subsection does not satisfy the requirement in subsection
18 (5)(b) of this section to mail a second preforeclosure notice at or
19 after the date that assessments have become past due for at least 90
20 days. The second preforeclosure notice may not be mailed sooner than
21 60 days after the first preforeclosure notice is mailed.

22 (e) The association must maintain the preforeclosure information
23 required under this section and make it available to apartment owners
24 in accordance with RCW 64.32.170.

25 (5) An association, or the manager or board of directors on its
26 behalf, may not commence an action to foreclose a lien on an
27 apartment under this section unless:

28 (a) The apartment owner, at the time the action is commenced,
29 owes at least a sum equal to the greater of:

30 (i) Three months or more of assessments, not including fines,
31 late charges, interest, attorneys' fees, or costs incurred by the
32 association in connection with the collection of a delinquent owner's
33 account; or

34 (ii) \$2,000 of assessments, not including fines, late charges,
35 interest, attorneys' fees, or costs incurred by the association in
36 connection with the collection of a delinquent owner's account;

37 (b) At or after the date that assessments have become past due
38 for at least 90 days, but no sooner than 60 days after the first
39 preforeclosure notice required in subsection (4)(a) of this section
40 is mailed, the association has mailed, by first-class mail, to the

1 owner, at the apartment address and to any other address which the
2 owner has provided to the association, a second notice of
3 delinquency, which must include a second preforeclosure notice that
4 contains the same information as the first preforeclosure notice
5 provided to the apartment owner pursuant to subsection (4)(a) of this
6 section. The second preforeclosure notice may not be mailed sooner
7 than 60 days after the first preforeclosure notice required in
8 subsection (4)(a) of this section is mailed;

9 (c) At least 90 days have elapsed from the date the minimum
10 amount required in (a) of this subsection has accrued; (~~and~~)

11 (d) If the apartment owner was referred to mediation pursuant to
12 RCW 61.24.163, until the mediation is completed and the certification
13 of mediation is issued or after 10 days from the date the mediator's
14 certification was due to the association; and

15 (e) The board approves commencement of a foreclosure action
16 specifically against that apartment.

17 (6) Every aspect of a collection, foreclosure, sale, or other
18 conveyance under this section, including the method, advertising,
19 time, date, place, and terms, must be commercially reasonable.

20 **Sec. 12.** RCW 64.34.364 and 2023 c 214 s 4 are each amended to
21 read as follows:

22 (1) The association has a lien on a unit for any unpaid
23 assessments levied against a unit from the time the assessment is
24 due.

25 (2) A lien under this section shall be prior to all other liens
26 and encumbrances on a unit except: (a) Liens and encumbrances
27 recorded before the recording of the declaration; (b) a mortgage on
28 the unit recorded before the date on which the assessment sought to
29 be enforced became delinquent; and (c) liens for real property taxes
30 and other governmental assessments or charges against the unit. A
31 lien under this section is not subject to the provisions of chapter
32 6.13 RCW.

33 (3) Except as provided in subsections (4) and (5) of this
34 section, the lien shall also be prior to the mortgages described in
35 subsection (2)(b) of this section to the extent of assessments for
36 common expenses, excluding any amounts for capital improvements,
37 based on the periodic budget adopted by the association pursuant to
38 RCW 64.34.360(1) which would have become due during the six months
39 immediately preceding the date of a sheriff's sale in an action for

1 judicial foreclosure by either the association or a mortgagee, the
2 date of a trustee's sale in a nonjudicial foreclosure by a mortgagee,
3 or the date of recording of the declaration of forfeiture in a
4 proceeding by the vendor under a real estate contract.

5 (4) The priority of the association's lien against units
6 encumbered by a mortgage held by an eligible mortgagee or by a
7 mortgagee which has given the association a written request for a
8 notice of delinquent assessments shall be reduced by up to three
9 months if and to the extent that the lien priority under subsection
10 (3) of this section includes delinquencies which relate to a period
11 after such holder becomes an eligible mortgagee or has given such
12 notice and before the association gives the holder a written notice
13 of the delinquency. This subsection does not affect the priority of
14 mechanics' or material suppliers' liens, or the priority of liens for
15 other assessments made by the association.

16 (5) If the association forecloses its lien under this section
17 nonjudicially pursuant to chapter 61.24 RCW, as provided by
18 subsection (9) of this section, the association shall not be entitled
19 to the lien priority provided for under subsection (3) of this
20 section.

21 (6) Unless the declaration otherwise provides, if two or more
22 associations have liens for assessments created at any time on the
23 same real estate, those liens have equal priority.

24 (7) Recording of the declaration constitutes record notice and
25 perfection of the lien for assessments. While no further recording of
26 any claim of lien for assessment under this section shall be required
27 to perfect the association's lien, the association may record a
28 notice of claim of lien for assessments under this section in the
29 real property records of any county in which the condominium is
30 located. Such recording shall not constitute the written notice of
31 delinquency to a mortgagee referred to in subsection (2) of this
32 section.

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

37 (9) The lien arising under this section may be enforced
38 judicially by the association or its authorized representative in the
39 manner set forth in chapter 61.12 RCW. The lien arising under this
40 section may be enforced nonjudicially in the manner set forth in

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

16 (10) From the time of commencement of an action by the
17 association to foreclose a lien for nonpayment of delinquent
18 assessments against a unit that is not occupied by the owner thereof,
19 the association shall be entitled to the appointment of a receiver to
20 collect from the lessee thereof the rent for the unit as and when
21 due. If the rental is not paid, the receiver may obtain possession of
22 the unit, refurbish it for rental up to a reasonable standard for
23 rental units in this type of condominium, rent the unit or permit its
24 rental to others, and apply the rents first to the cost of the
25 receivership and attorneys' fees thereof, then to the cost of
26 refurbishing the unit, then to applicable charges, then to costs,
27 fees, and charges of the foreclosure action, and then to the payment
28 of the delinquent assessments. Only a receiver may take possession
29 and collect rents under this subsection, and a receiver shall not be
30 appointed less than 90 days after the delinquency. The exercise by
31 the association of the foregoing rights shall not affect the priority
32 of preexisting liens on the unit.

33 (11) Except as provided in subsection (3) of this section, the
34 holder of a mortgage or other purchaser of a unit who obtains the
35 right of possession of the unit through foreclosure shall not be
36 liable for assessments or installments thereof that became due prior
37 to such right of possession. Such unpaid assessments shall be deemed
38 to be common expenses collectible from all the unit owners, including
39 such mortgagee or other purchaser of the unit. Foreclosure of a
40 mortgage does not relieve the prior owner of personal liability for

1 assessments accruing against the unit prior to the date of such sale
2 as provided in this subsection.

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

14 (13) The association may from time to time establish reasonable
15 late charges and a rate of interest to be charged on all subsequent
16 delinquent assessments or installments thereof. In the absence of
17 another established nonusurious rate, delinquent assessments shall
18 bear interest from the date of delinquency at the maximum rate
19 permitted under RCW 19.52.020 on the date on which the assessments
20 became delinquent.

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

28 (15) The association upon written request shall furnish to a unit
29 owner or a mortgagee a statement signed by an officer or authorized
30 agent of the association setting forth the amount of unpaid
31 assessments against that unit. The statement shall be furnished
32 within fifteen days after receipt of the request and is binding on
33 the association, the board of directors, and every unit owner, unless
34 and to the extent known by the recipient to be false.

35 (16) To the extent not inconsistent with this section, the
36 declaration may provide for such additional remedies for collection
37 of assessments as may be permitted by law.

38 (17) (a) (~~When the association mails to the unit owner by first-~~
39 ~~class mail the first notice of delinquency for past due assessments~~
40 ~~to the unit address and to any other address that the owner has~~

1 ~~provided to the association, the association shall include a first~~
2 ~~preforeclosure notice that states)~~ No later than 30 days after an
3 assessment becomes past due, an association must provide a notice of
4 delinquency to a unit owner by first-class mail that meets the
5 following criteria. The notice of delinquency must:

6 (i) Be mailed to the unit address and to any other address that a
7 unit owner has provided to the association for the transmission of
8 notice, and by email if the unit owner's electronic address is known
9 to the association;

10 (ii) Be provided in English and any other language indicated as a
11 preference for correspondence by a unit owner. Translation
12 inaccuracies shall not diminish a good faith effort to provide notice
13 in a preferred language other than English; and

14 (iii) Include a first preforeclosure notice that states as
15 follows:

16 **THIS IS A NOTICE OF DELINQUENCY FOR PAST DUE ASSESSMENTS**
17 **FROM THE UNIT OWNERS' ASSOCIATION TO WHICH YOUR HOME BELONGS.**
18 **THIS NOTICE IS ONE STEP IN A PROCESS THAT COULD RESULT IN YOUR LOSING**
19 **YOUR HOME.**

20 **CONTACT A HOUSING COUNSELOR OR AN ATTORNEY LICENSED IN WASHINGTON NOW**
21 to assess your situation and refer you to mediation if you might
22 benefit. **DO NOT DELAY.**

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

25 **REFER TO THE CONTACTS BELOW** for sources of assistance.

26 **SEEKING ASSISTANCE**

27 Housing counselors and legal assistance may be available at
28 little or no cost to you. Housing counselors and attorneys may assist
29 you in meeting and conferring with your association to resolve the
30 past due assessments, and based on the circumstances refer you to the
31 foreclosure mediation program. If you would like assistance in
32 determining your rights and opportunities to keep your house, you may
33 contact the following:

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

36 Telephone: Website:

37 The United States Department of Housing and Urban Development

38 Telephone: Website:

1 The statewide civil legal aid hotline for assistance and
2 referrals to other housing counselors and attorneys

3 Telephone: Website:

4 The association shall obtain the toll-free numbers and website
5 information from the department of commerce for inclusion in the
6 notice.

7 (b) Notwithstanding any other provisions of this chapter, until
8 the 15th day after providing a unit owner with a notice of
9 delinquency that meets the requirements in (a) of this subsection, an
10 association may not:

11 (i) Take any other action to collect a delinquent assessment; or

12 (ii) Charge a unit owner for any costs related to the collection
13 of the delinquent assessment except for:

14 (A) The actual costs of printing and mailing the notice of
15 delinquency;

16 (B) An administrative fee of no more than \$10 related to
17 providing the notice of delinquency; and

18 (C) A single late fee of no more than \$50 or five percent of the
19 amount of the unpaid assessment which triggered the fee, whichever is
20 less.

21 (c) If, when a delinquent account is referred to an association's
22 attorney, the first preforeclosure notice required under (a) of this
23 subsection has not yet been mailed to the unit owner, the association
24 or the association's attorney shall mail the first preforeclosure
25 notice to the unit owner in order to satisfy the requirement in (a)
26 of this subsection.

27 ~~((e))~~ (d) Mailing the first preforeclosure notice pursuant to
28 (a) of this subsection does not satisfy the requirement in subsection
29 (18)(b) of this section to mail a second preforeclosure notice at or
30 after the date that assessments have become past due for at least 90
31 days. The second preforeclosure notice may not be mailed sooner than
32 60 days after the first preforeclosure notice is mailed.

33 (e) The association must maintain the preforeclosure information
34 required under this section and make it available to unit owners in
35 accordance with RCW 64.34.372.

36 (18) An association may not commence an action to foreclose a
37 lien on a unit under this section unless:

38 (a) The unit owner, at the time the action is commenced, owes at
39 least a sum equal to the greater of:

1 (i) Three months or more of assessments, not including fines,
2 late charges, interest, attorneys' fees, or costs incurred by the
3 association in connection with the collection of a delinquent owner's
4 account; or

5 (ii) \$2,000 of assessments, not including fines, late charges,
6 interest, attorneys' fees, or costs incurred by the association in
7 connection with the collection of a delinquent owner's account;

8 (b) At or after the date that assessments have become past due
9 for at least 90 days, but no sooner than 60 days after the first
10 preforeclosure notice required in subsection (17)(a) of this section
11 is mailed, the association has mailed, by first-class mail, to the
12 owner, at the unit address and to any other address which the owner
13 has provided to the association, a second notice of delinquency,
14 which must include a second preforeclosure notice that contains the
15 same information as the first preforeclosure notice provided to the
16 unit owner pursuant to subsection (17)(a) of this section. The second
17 preforeclosure notice may not be mailed sooner than 60 days after the
18 first preforeclosure notice required in subsection (17)(a) of this
19 section is mailed;

20 (c) At least 90 days have elapsed from the date the minimum
21 amount required in (a) of this subsection has accrued; ~~((and))~~

22 (d) If the unit owner has been referred to mediation pursuant to
23 RCW 61.24.163, until the mediation is completed and the certification
24 of mediation is issued or after 10 days from the date the mediator's
25 certification was due to the association; and

26 (e) The board approves commencement of a foreclosure action
27 specifically against that unit.

28 (19) Every aspect of a collection, foreclosure, sale, or other
29 conveyance under this section, including the method, advertising,
30 time, date, place, and terms, must be commercially reasonable.

31 **Sec. 13.** RCW 64.38.100 and 2023 c 214 s 6 are each amended to
32 read as follows:

33 (1)(a) If the governing documents of an association provide for a
34 lien on the lot of any owner for unpaid assessments, ~~((the~~
35 ~~association shall include the following first preforeclosure notice~~
36 ~~when mailing to the lot owner by first-class mail the first notice of~~
37 ~~delinquency to the lot address and to any other address that the~~
38 ~~owner has provided to the association)) no later than 30 days after
39 an assessment becomes past due, an association must provide a notice~~

1 of delinquency to a lot owner by first-class mail that meets the
2 following criteria. The notice of delinquency must:

3 (i) Be mailed to the lot address and to any other address that a
4 lot owner has provided to the association for the transmission of
5 notice, and by email if the lot owner's electronic address is known
6 to the association;

7 (ii) Be provided in English and any other language indicated as a
8 preference for correspondence by a lot owner. Translation
9 inaccuracies shall not diminish a good faith effort to provide notice
10 in a preferred language other than English; and

11 (iii) Include a first preforeclosure notice that states as
12 follows:

13 **THIS IS A NOTICE OF DELINQUENCY FOR PAST DUE ASSESSMENTS**
14 **FROM THE HOMEOWNERS' ASSOCIATION TO WHICH YOUR HOME BELONGS.**
15 **THIS NOTICE IS ONE STEP IN A PROCESS THAT COULD RESULT IN YOUR LOSING**
16 **YOUR HOME.**

17 **CONTACT A HOUSING COUNSELOR OR AN ATTORNEY LICENSED IN WASHINGTON NOW**
18 **to assess your situation and refer you to mediation if you might**
19 **benefit. DO NOT DELAY.**

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

22 **REFER TO THE CONTACTS BELOW** for sources of assistance.

23 **SEEKING ASSISTANCE**

24 Housing counselors and legal assistance may be available at
25 little or no cost to you. Housing counselors and attorneys may assist
26 you in meeting and conferring with your association to resolve the
27 past due assessments, and based on the circumstances refer you to the
28 foreclosure mediation program. If you would like assistance in
29 determining your rights and opportunities to keep your house, you may
30 contact the following:

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

33 Telephone: Website:

34 The United States Department of Housing and Urban Development

35 Telephone: Website:

36 The statewide civil legal aid hotline for assistance and
37 referrals to other housing counselors and attorneys

38 Telephone: Website:

1 The association shall obtain the toll-free numbers and website
2 information from the department of commerce for inclusion in the
3 notice.

4 (b) Notwithstanding any other provisions of this chapter, until
5 the 15th day after providing a lot owner with a notice of delinquency
6 that meets the requirements in (a) of this subsection, an association
7 may not:

8 (i) Take any other action to collect a delinquent assessment; or
9 (ii) Charge a lot owner for any costs related to the collection
10 of the delinquent assessment except for:

11 (A) The actual costs of printing and mailing the notice of
12 delinquency;

13 (B) An administrative fee of no more than \$10 related to
14 providing the notice of delinquency; and

15 (C) A single late fee of no more than \$50 or five percent of the
16 amount of the unpaid assessment which triggered the fee, whichever is
17 less.

18 (c) If, when a delinquent account is referred to an association's
19 attorney, the first preforeclosure notice required under (a) of this
20 subsection has not yet been mailed to the lot owner, the association
21 or the association's attorney shall mail the first preforeclosure
22 notice to the lot owner in order to satisfy the requirement in (a) of
23 this subsection.

24 ~~((e))~~ (d) Mailing the first preforeclosure notice pursuant to
25 (a) of this subsection does not satisfy the requirement in subsection
26 (2)(b) of this section to mail a second preforeclosure notice at or
27 after the date that assessments have become past due for at least 90
28 days. The second preforeclosure notice may not be mailed sooner than
29 60 days after the first preforeclosure notice is mailed.

30 (e) The association must maintain the preforeclosure information
31 required under this section and make it available to lot owners in
32 accordance with RCW 64.38.045.

33 (2) If the governing documents of an association provide for a
34 lien on the lot of any owner for unpaid assessments, the association
35 may not commence an action to foreclose the lien unless:

36 (a) The lot owner, at the time the action is commenced, owes at
37 least a sum equal to the greater of:

38 (i) Three months or more of assessments, not including fines,
39 late charges, interest, attorneys' fees, or costs incurred by the

1 association in connection with the collection of a delinquent owner's
2 account; or

3 (ii) \$2,000 of assessments, not including fines, late charges,
4 interest, attorneys' fees, or costs incurred by the association in
5 connection with the collection of a delinquent owner's account;

6 (b) At or after the date that assessments have become past due
7 for at least 90 days, but no sooner than 60 days after the first
8 preforeclosure notice required in subsection (1)(a) of this section
9 is mailed, the association has mailed, by first-class mail, to the
10 owner, at the lot address and to any other address which the owner
11 has provided to the association, a second notice of delinquency,
12 which must include a second preforeclosure notice that contains the
13 same information as the first preforeclosure notice provided to the
14 lot owner pursuant to subsection (1)(a) of this section. The second
15 preforeclosure notice may not be mailed sooner than 60 days after the
16 first preforeclosure notice required in subsection (1)(a) of this
17 section is mailed;

18 (c) At least 90 days have elapsed from the date the minimum
19 amount required in (a) of this subsection has accrued; (~~and~~)

20 (d) If the lot owner was referred to mediation pursuant to RCW
21 61.24.163, until the mediation is completed and the certification of
22 mediation is issued or after 10 days from the date the mediator's
23 certification was due to the association;

24 (e) The board approves commencement of a foreclosure action
25 specifically against that lot.

26 (3) Every aspect of a collection, foreclosure, sale, or other
27 conveyance under this section, including the method, advertising,
28 time, date, place, and terms, must be commercially reasonable.

29 **Sec. 14.** RCW 64.90.485 and 2024 c 321 s 319 are each amended to
30 read as follows:

31 (1) The association has a statutory lien on each unit for any
32 unpaid assessment against the unit from the time such assessment is
33 due.

34 (2) A lien under this section has priority over all other liens
35 and encumbrances on a unit except:

36 (a) Liens and encumbrances recorded before the recordation of the
37 declaration and, in a cooperative, liens and encumbrances that the
38 association creates, assumes, or takes subject to;

1 (b) Except as otherwise provided in subsection (3) of this
2 section, a security interest on the unit recorded before the date on
3 which the unpaid assessment became due or, in a cooperative, a
4 security interest encumbering only the unit owner's interest and
5 perfected before the date on which the unpaid assessment became due;
6 and

7 (c) Liens for real estate taxes and other state or local
8 governmental assessments or charges against the unit or cooperative.

9 (3)(a) A lien under this section also has priority over the
10 security interests described in subsection (2)(b) of this section to
11 the extent of an amount equal to the following:

12 (i) The common expense assessments, excluding any amounts for
13 capital improvements, based on the periodic budget adopted by the
14 association pursuant to RCW 64.90.480(1), along with any specially
15 allocated assessments that are properly assessable against the unit
16 under such periodic budget, which would have become due in the
17 absence of acceleration during the six months immediately preceding
18 the institution of proceedings to foreclose either the association's
19 lien or a security interest described in subsection (2)(b) of this
20 section;

21 (ii) The association's actual costs and reasonable attorneys'
22 fees incurred in foreclosing its lien but incurred after the giving
23 of the notice described in (a)(iii) of this subsection; provided,
24 however, that the costs and reasonable attorneys' fees that will have
25 priority under this subsection (3)(a)(ii) shall not exceed \$2,000 or
26 an amount equal to the amounts described in (a)(i) of this
27 subsection, whichever is less;

28 (iii) The amounts described in (a)(ii) of this subsection shall
29 be prior only to the security interest of the holder of a security
30 interest on the unit recorded before the date on which the unpaid
31 assessment became due and only if the association has given that
32 holder not less than 60 days' prior written notice that the owner of
33 the unit is in default in payment of an assessment. The notice shall
34 contain:

- 35 (A) Name of the borrower;
36 (B) Recording date of the trust deed or mortgage;
37 (C) Recording information;
38 (D) Name of condominium, unit owner, and unit designation stated
39 in the declaration or applicable supplemental declaration;
40 (E) Amount of unpaid assessment; and

1 (F) A statement that failure to, within 60 days of the written
2 notice, submit the association payment of six months of assessments
3 as described in (a)(i) of this subsection will result in the priority
4 of the amounts described in (a)(ii) of this subsection; and

5 (iv) Upon payment of the amounts described in (a)(i) and (ii) of
6 this subsection by the holder of a security interest, the
7 association's lien described in this subsection (3)(a) shall
8 thereafter be fully subordinated to the lien of such holder's
9 security interest on the unit.

10 (b) For the purposes of this subsection:

11 (i) "Institution of proceedings" means either:

12 (A) The date of recording of a notice of trustee's sale by a deed
13 of trust beneficiary;

14 (B) The date of commencement, pursuant to applicable court rules,
15 of an action for judicial foreclosure either by the association or by
16 the holder of a recorded security interest; or

17 (C) The date of recording of a notice of intention to forfeit in
18 a real estate contract forfeiture proceeding by the vendor under a
19 real estate contract.

20 (ii) "Capital improvements" does not include making, in the
21 ordinary course of management, repairs to common elements or
22 replacements of the common elements with substantially similar items,
23 subject to: (A) Availability of materials and products, (B)
24 prevailing law, or (C) sound engineering and construction standards
25 then prevailing.

26 (c) The adoption of a periodic budget that purports to allocate
27 to a unit any fines, late charges, interest, attorneys' fees and
28 costs incurred for services unrelated to the foreclosure of the
29 association's lien, other collection charges, or specially allocated
30 assessments assessed under RCW 64.90.480 (6) or (7) does not cause
31 any such items to be included in the priority amount affecting such
32 unit.

33 (4) Subsections (2) and (3) of this section do not affect the
34 priority of mechanics' or material suppliers' liens to the extent
35 that law of this state other than chapter 277, Laws of 2018 gives
36 priority to such liens, or the priority of liens for other
37 assessments made by the association.

38 (5) A lien under this section is not subject to chapter 6.13 RCW.

39 (6) If the association forecloses its lien under this section
40 nonjudicially pursuant to chapter 61.24 RCW, as provided under

1 subsection (13) of this section, the association is not entitled to
2 the lien priority provided for under subsection (3) of this section,
3 and is subject to the limitations on deficiency judgments as provided
4 in chapter 61.24 RCW.

5 (7) Unless the declaration provides otherwise, if two or more
6 associations have liens for assessments created at any time on the
7 same property, those liens have equal priority as to each other, and
8 any foreclosure of one such lien shall not affect the lien of the
9 other.

10 (8) Recording of the declaration constitutes record notice and
11 perfection of the statutory lien created under this section. Further
12 notice or recordation of any claim of lien for assessment under this
13 section is not required, but is not prohibited.

14 (9) A lien for unpaid assessments and the personal liability for
15 payment of those assessments are extinguished unless proceedings to
16 enforce the lien or collect the debt are instituted within six years
17 after the full amount of the assessments sought to be recovered
18 becomes due.

19 (10) This section does not prohibit actions against unit owners
20 to recover sums for which subsection (1) of this section creates a
21 lien or prohibit an association from taking a deed in lieu of
22 foreclosure.

23 (11) The association upon written request must furnish to a unit
24 owner or a mortgagee a statement signed by an officer or authorized
25 agent of the association setting forth the amount of unpaid
26 assessments or the priority amount against that unit, or both. The
27 statement must be furnished within 15 days after receipt of the
28 request and is binding on the association, the board, and every unit
29 owner unless, and to the extent, known by the recipient to be false.
30 The liability of a recipient who reasonably relies upon the statement
31 must not exceed the amount set forth in any statement furnished
32 pursuant to this section or RCW 64.90.640(1)(b).

33 (12) In a cooperative, upon nonpayment of an assessment on a
34 unit, the unit owner may be evicted in the same manner as provided by
35 law in the case of an unlawful holdover by a commercial tenant, and
36 the lien may be foreclosed as provided under this section.

37 (13) The association's lien may be foreclosed in accordance with
38 (a) and (b) of this subsection.

39 (a) In a common interest community other than a cooperative, the
40 association's lien may be foreclosed judicially in accordance with

1 chapter 61.12 RCW, subject to any rights of redemption under chapter
2 6.23 RCW.

3 (b) The lien may be enforced nonjudicially in the manner set
4 forth in chapter 61.24 RCW for nonjudicial foreclosure of deeds of
5 trust if the declaration: Contains a grant of the common interest
6 community in trust to a trustee qualified under RCW 61.24.010 to
7 secure the obligations of the unit owners to the association for the
8 payment of assessments, contains a power of sale, provides in its
9 terms that the units are not used principally for agricultural
10 purposes, and provides that the power of sale is operative in the
11 case of a default in the obligation to pay assessments. The
12 association or its authorized representative may purchase the unit at
13 the foreclosure sale and acquire, hold, lease, mortgage, or convey
14 the unit. Upon an express waiver in the complaint of any right to a
15 deficiency judgment in a judicial foreclosure action, the period of
16 redemption is eight months.

17 (c) In a cooperative in which the unit owners' interests in the
18 units are real estate, the association's lien must be foreclosed in
19 like manner as a mortgage on real estate or by power of sale under
20 (b) of this subsection.

21 (d) In a cooperative in which the unit owners' interests in the
22 units are personal property, the association's lien must be
23 foreclosed in like manner as a security interest under chapter 62A.9A
24 RCW.

25 (e) No member of the association's board, or their immediate
26 family members or affiliates, are eligible to bid for or purchase,
27 directly or indirectly, any interest in a unit at a foreclosure of
28 the association's lien. For the purposes of this subsection,
29 "immediate family member" includes spouses, domestic partners,
30 children, siblings, parents, parents-in-law, and stepfamily members;
31 and "affiliate" of a board member includes any person controlled by
32 the board member, including any entity in which the board member is a
33 general partner, managing member, majority member, officer, or
34 director. Nothing in this subsection prohibits an association from
35 bidding for or purchasing interest in a unit at a foreclosure of the
36 association's lien.

37 (14) If the unit owner's interest in a unit in a cooperative is
38 real estate, the following requirements apply:

39 (a) The association, upon nonpayment of assessments and
40 compliance with this subsection, may sell that unit at a public sale

1 or by private negotiation, and at any time and place. The association
2 must give to the unit owner and any lessee of the unit owner
3 reasonable notice in a record of the time, date, and place of any
4 public sale or, if a private sale is intended, of the intention of
5 entering into a contract to sell and of the time and date after which
6 a private conveyance may be made. Such notice must also be sent to
7 any other person that has a recorded interest in the unit that would
8 be cut off by the sale, but only if the recorded interest was on
9 record seven weeks before the date specified in the notice as the
10 date of any public sale or seven weeks before the date specified in
11 the notice as the date after which a private sale may be made. The
12 notices required under this subsection may be sent to any address
13 reasonable in the circumstances. A sale may not be held until five
14 weeks after the sending of the notice. The association may buy at any
15 public sale and, if the sale is conducted by a fiduciary or other
16 person not related to the association, at a private sale.

17 (b) Unless otherwise agreed to or as stated in this section, the
18 unit owner is liable for any deficiency in a foreclosure sale.

19 (c) The proceeds of a foreclosure sale must be applied in the
20 following order:

21 (i) The reasonable expenses of sale;

22 (ii) The reasonable expenses of securing possession before sale;
23 the reasonable expenses of holding, maintaining, and preparing the
24 unit for sale, including payment of taxes and other governmental
25 charges and premiums on insurance; and, to the extent provided for by
26 agreement between the association and the unit owner, reasonable
27 attorneys' fees, costs, and other legal expenses incurred by the
28 association;

29 (iii) Satisfaction of the association's lien;

30 (iv) Satisfaction in the order of priority of any subordinate
31 claim of record; and

32 (v) Remittance of any excess to the unit owner.

33 (d) A good-faith purchaser for value acquires the unit free of
34 the association's debt that gave rise to the lien under which the
35 foreclosure sale occurred and any subordinate interest, even though
36 the association or other person conducting the sale failed to comply
37 with this section. The person conducting the sale must execute a
38 conveyance to the purchaser sufficient to convey the unit and stating
39 that it is executed by the person after a foreclosure of the
40 association's lien by power of sale and that the person was empowered

1 to make the sale. Signature and title or authority of the person
2 signing the conveyance as grantor and a recital of the facts of
3 nonpayment of the assessment and of the giving of the notices
4 required under this subsection are sufficient proof of the facts
5 recited and of the authority to sign. Further proof of authority is
6 not required even though the association is named as grantee in the
7 conveyance.

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

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

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

36 (17) In addition to constituting a lien on the unit, each
37 assessment is the joint and several obligation of the unit owner of
38 the unit to which the same are assessed as of the time the assessment
39 is due. A unit owner may not exempt himself or herself from liability
40 for assessments. In a voluntary conveyance other than by foreclosure,

1 the grantee of a unit is jointly and severally liable with the
2 grantor for all unpaid assessments against the grantor up to the time
3 of the grantor's conveyance, without prejudice to the grantee's right
4 to recover from the grantor the amounts paid by the grantee. Suit to
5 recover a personal judgment for any delinquent assessment is
6 maintainable in any court of competent jurisdiction without
7 foreclosing or waiving the lien securing such sums.

8 (18) The association may from time to time establish reasonable
9 late charges and a rate of interest to be charged, not to exceed the
10 maximum rate calculated under RCW 19.52.020, on all subsequent
11 delinquent assessments or installments of assessments. If the
12 association does not establish such a rate, delinquent assessments
13 bear interest from the date of delinquency at the maximum rate
14 calculated under RCW 19.52.020 on the date on which the assessments
15 became delinquent.

16 (19) The association is entitled to recover any costs and
17 reasonable attorneys' fees incurred in connection with the collection
18 of delinquent assessments, whether or not such collection activities
19 result in a suit being commenced or prosecuted to judgment. The
20 prevailing party is also entitled to recover costs and reasonable
21 attorneys' fees in such suits, including any appeals, if it prevails
22 on appeal and in the enforcement of a judgment.

23 (20) To the extent not inconsistent with this section, the
24 declaration may provide for such additional remedies for collection
25 of assessments as may be permitted by law.

26 (21) (a) (~~When the association mails to the unit owner by first-~~
27 ~~class mail the first notice of delinquency for past due assessments~~
28 ~~to the unit address and to any other address that the owner has~~
29 ~~provided to the association, the association shall include a first~~
30 ~~preforeclosure notice that states)~~ No later than 30 days after an
31 assessment becomes past due, an association must provide a notice of
32 delinquency to a unit owner by first-class mail that meets the
33 following criteria. The notice of delinquency must:

34 (i) Be mailed to the unit address and to any other address that a
35 unit owner has provided to the association for the transmission of
36 notice, and by email if the unit owner's electronic address is known
37 to the association;

38 (ii) Be provided in English and any other language indicated as a
39 preference for correspondence by a unit owner. Translation

1 inaccuracies shall not diminish a good faith effort to provide notice
2 in a preferred language other than English; and

3 (iii) Include a first preforeclosure notice that states as
4 follows:

5 **THIS IS A NOTICE OF DELINQUENCY FOR PAST DUE ASSESSMENTS**
6 **FROM THE UNIT OWNERS ASSOCIATION TO WHICH YOUR HOME BELONGS.**
7 **THIS NOTICE IS ONE STEP IN A PROCESS THAT COULD RESULT IN YOUR LOSING**
8 **YOUR HOME.**

9 **CONTACT A HOUSING COUNSELOR OR AN ATTORNEY LICENSED IN WASHINGTON NOW**
10 to assess your situation and refer you to mediation if you might
11 benefit. **DO NOT DELAY.**

12 **BE CAREFUL** of people who claim they can help you. There are many
13 individuals and businesses that prey upon borrowers in distress.
14 **REFER TO THE CONTACTS BELOW** for sources of assistance.

15 **SEEKING ASSISTANCE**

16 Housing counselors and legal assistance may be available at
17 little or no cost to you. Housing counselors and attorneys may assist
18 you in meeting and conferring with your association to resolve the
19 past due assessments, and based on the circumstances refer you to the
20 foreclosure mediation program. If you would like assistance in
21 determining your rights and opportunities to keep your house, you may
22 contact the following:

23 The statewide foreclosure hotline for assistance and referral to
24 housing counselors recommended by the Housing Finance Commission
25 Telephone: Website:

26 The United States Department of Housing and Urban Development
27 Telephone: Website:

28 The statewide civil legal aid hotline for assistance and
29 referrals to other housing counselors and attorneys
30 Telephone: Website:

31 The association shall obtain the toll-free numbers and website
32 information from the department of commerce for inclusion in the
33 notice.

34 (b) Notwithstanding any other provisions of this chapter, until
35 the 15th day after providing a unit owner with a notice of
36 delinquency that meets the requirements in (a) of this subsection, an
37 association may not:

38 (i) Take any other action to collect a delinquent assessment; or

1 (ii) Charge a unit owner for any costs related to the collection
2 of the delinquent assessment except for:

3 (A) The actual costs of printing and mailing the notice of
4 delinquency;

5 (B) An administrative fee of no more than \$10 related to
6 providing the notice of delinquency; and

7 (C) A single late fee of no more than \$50 or five percent of the
8 amount of the unpaid assessment which triggered the fee, whichever is
9 less.

10 (c) If, when a delinquent account is referred to an association's
11 attorney, the first preforeclosure notice required under (a) of this
12 subsection has not yet been mailed to the unit owner, the association
13 or the association's attorney shall mail the first preforeclosure
14 notice to the unit owner in order to satisfy the requirement in (a)
15 of this subsection.

16 ~~((e))~~ (d) Mailing the first preforeclosure notice pursuant to
17 (a) of this subsection does not satisfy the requirement in subsection
18 (22)(b) of this section to mail a second preforeclosure notice at or
19 after the date that assessments have become past due for at least 90
20 days. The second preforeclosure notice may not be mailed sooner than
21 60 days after the first preforeclosure notice is mailed.

22 (e) The association must maintain the preforeclosure information
23 required under this section and make it available to unit owners in
24 accordance with RCW 64.90.495.

25 (22) An association may not commence an action to foreclose a
26 lien on a unit under this section unless:

27 (a) The unit owner, at the time the action is commenced, owes at
28 least a sum equal to the greater of:

29 (i) Three months or more of assessments, not including fines,
30 late charges, interest, attorneys' fees, or costs incurred by the
31 association in connection with the collection of a delinquent owner's
32 account; or

33 (ii) \$2,000 of assessments, not including fines, late charges,
34 interest, attorneys' fees, or costs incurred by the association in
35 connection with the collection of a delinquent owner's account;

36 (b) At or after the date that assessments have become past due
37 for at least 90 days, but no sooner than 60 days after the first
38 preforeclosure notice required in subsection (21)(a) of this section
39 is mailed, the association has mailed, by first-class mail, to the
40 owner, at the unit address and to any other address which the owner

1 has provided to the association, a second notice of delinquency,
2 which must include a second preforeclosure notice that contains the
3 same information as the first preforeclosure notice provided to the
4 owner pursuant to subsection (21)(a) of this section. The second
5 preforeclosure notice may not be mailed sooner than 60 days after the
6 first preforeclosure notice required in subsection (21)(a) of this
7 section is mailed;

8 (c) At least 90 days have elapsed from the date the minimum
9 amount required in (a) of this subsection has accrued; (~~and~~)

10 (d) If the unit owner was referred to mediation pursuant to RCW
11 61.24.163, until the mediation is completed and the certification of
12 mediation is issued or after 10 days from the date the mediator's
13 certification was due to the association; and

14 (e) The board approves commencement of a foreclosure action
15 specifically against that unit.

16 (23) Every aspect of a collection, foreclosure, sale, or other
17 conveyance under this section, including the method, advertising,
18 time, date, place, and terms, must be commercially reasonable.

19 **Sec. 15.** RCW 64.32.170 and 2023 c 409 s 1 are each amended to
20 read as follows:

21 (1) An association of apartment owners must retain the following:

22 (a) The current budget, detailed records of receipts and
23 expenditures affecting the operation and administration of the
24 association, and other appropriate accounting records within the last
25 seven years;

26 (b) Minutes of all meetings of its apartment owners and board
27 other than executive sessions, a record of all actions taken by the
28 apartment owners or board without a meeting, and a record of all
29 actions taken by a committee in place of the board on behalf of the
30 association;

31 (c) The names of current apartment owners, addresses used by the
32 association to communicate with them, and the number of votes
33 allocated to each apartment;

34 (d) Its original or restated declaration, organizational
35 documents, all amendments to the declaration and organizational
36 documents, and all rules currently in effect;

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

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

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

5 (h) Copies of contracts to which it is or was a party within the
6 last seven years;

7 (i) Materials relied upon by the board or any committee to
8 approve or deny any requests for design or architectural approval for
9 a period of seven years after the decision is made;

10 (j) Materials relied upon by the board or any committee
11 concerning a decision to enforce the governing documents for a period
12 of seven years after the decision is made;

13 (k) Copies of insurance policies under which the association is a
14 named insured;

15 (l) Any current warranties provided to the association;

16 (m) Copies of all notices provided to apartment owners or the
17 association in accordance with this chapter or the governing
18 documents; (~~and~~)

19 (n) Ballots, proxies, absentee ballots, and other records related
20 to voting by apartment owners for one year after the election,
21 action, or vote to which they relate; and

22 (o) The preforeclosure information required by RCW 64.32.200(4).

23 (2)(a) Subject to subsections (3) through (5) of this section,
24 and except as provided in (b) of this subsection, all records
25 required to be retained by an association of apartment owners must be
26 made available for examination and copying by all apartment owners,
27 holders of mortgages on the apartments, and their respective
28 authorized agents as follows, unless agreed otherwise:

29 (i) During reasonable business hours or at a mutually convenient
30 time and location; and

31 (ii) At the offices of the association or its managing agent.

32 (b) The list of apartment owners required to be retained by an
33 association under subsection (1)(c) of this section is not required
34 to be made available for examination and copying by holders of
35 mortgages on the apartments.

36 (3) Records retained by an association of apartment owners must
37 have the following information redacted or otherwise removed prior to
38 disclosure:

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

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

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

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

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

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

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

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

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

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

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

23 (4) In addition to the requirements in subsection (3) of this
24 section, an association of apartment owners must, prior to disclosure
25 of the list of apartment owners required to be retained by an
26 association under subsection (1)(c) of this section, redact or
27 otherwise remove the address of any apartment owner or resident who
28 is known to the association to be a participant in the address
29 confidentiality program described in chapter 40.24 RCW or any similar
30 program established by law.

31 (5)(a) Except as provided in (b) and (c) of this subsection, an
32 association of apartment owners may charge a reasonable fee for
33 producing and providing copies of any records under this section and
34 for supervising the apartment owner's inspection.

35 (b) An apartment owner is entitled to receive a free annual
36 electronic or paper copy of the list retained under subsection (1)(c)
37 of this section from the association.

38 (c) An apartment owner is entitled to receive a free electronic
39 or paper copy of the preforeclosure information retained under
40 subsection (1)(o) of this section from the association which must be

1 provided in English and any other language indicated as a preference
2 for correspondence by an apartment owner. Translation inaccuracies
3 shall not diminish a good faith effort to provide preforeclosure
4 information in a preferred language other than English.

5 (6) A right to copy records under this section includes the right
6 to receive copies by photocopying or other means, including through
7 an electronic transmission if available upon request by the apartment
8 owner.

9 (7) An association of apartment owners is not obligated to
10 compile or synthesize information.

11 (8) Information provided pursuant to this section may not be used
12 for commercial purposes.

13 (9) An association of apartment owners' managing agent must
14 deliver all of the association's original books and records to the
15 association immediately upon termination of its management
16 relationship with the association, or upon such other demand as is
17 made by the board. An association managing agent may keep copies of
18 the association records at its own expense.

19 (10) All books and records shall be kept in accordance with good
20 accounting procedures and be audited at least once a year by an
21 auditor outside of the organization.

22 (11) This section applies to records in the possession of the
23 association on July 23, 2023, and to records created or maintained
24 after July 23, 2023. An association has no liability under this
25 section for records disposed of prior to July 23, 2023.

26 **Sec. 16.** RCW 64.34.372 and 2023 c 409 s 2 are each amended to
27 read as follows:

28 (1) The association shall keep financial records sufficiently
29 detailed to enable the association to comply with RCW 64.34.425. All
30 financial and other records of the association, including but not
31 limited to checks, bank records, and invoices, are the property of
32 the association. At least annually, the association shall prepare, or
33 cause to be prepared, a financial statement of the association in
34 accordance with generally accepted accounting principles. The
35 financial statements of condominiums consisting of 50 or more units
36 shall be audited at least annually by a certified public accountant.
37 In the case of a condominium consisting of fewer than 50 units, an
38 annual audit is also required but may be waived annually by unit
39 owners other than the declarant of units to which 60 percent of the

1 votes are allocated, excluding the votes allocated to units owned by
2 the declarant.

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

11 (3) An association must retain the following:

12 (a) The current budget, detailed records of receipts and
13 expenditures affecting the operation and administration of the
14 association, and other appropriate accounting records within the last
15 seven years;

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

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

23 (d) Its original or restated declaration, organizational
24 documents, all amendments to the declaration and organizational
25 documents, and all rules currently in effect;

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

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

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

32 (h) Copies of contracts to which it is or was a party within the
33 last seven years;

34 (i) Materials relied upon by the board or any committee to
35 approve or deny any requests for design or architectural approval for
36 a period of seven years after the decision is made;

37 (j) Materials relied upon by the board or any committee
38 concerning a decision to enforce the governing documents for a period
39 of seven years after the decision is made;

1 (k) Copies of insurance policies under which the association is a
2 named insured;

3 (l) Any current warranties provided to the association;

4 (m) Copies of all notices provided to unit owners or the
5 association in accordance with this chapter or the governing
6 documents; (~~and~~)

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

10 (o) The preforeclosure information required by RCW 64.34.364(17).

11 (4)(a) Subject to subsections (5) through (7) of this section,
12 and except as provided in (b) of this subsection, all records
13 required to be retained by an association must be made available for
14 examination and copying by all unit owners, holders of mortgages on
15 the units, and their respective authorized agents as follows, unless
16 agreed otherwise:

17 (i) During reasonable business hours or at a mutually convenient
18 time and location; and

19 (ii) At the offices of the association or its managing agent.

20 (b) The list of unit owners required to be retained by an
21 association under subsection (3)(c) of this section is not required
22 to be made available for examination and copying by holders of
23 mortgages on the units.

24 (5) Records retained by an association must have the following
25 information redacted or otherwise removed prior to disclosure:

26 (a) Personnel and medical records relating to specific
27 individuals;

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

30 (c) Existing or potential litigation or mediation, arbitration,
31 or administrative proceedings;

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

35 (e) Legal advice or communications that are otherwise protected
36 by the attorney-client privilege or the attorney work product
37 doctrine, including communications with the managing agent or other
38 agent of the association;

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

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

2 (h) Individual unit files other than those of the requesting unit
3 owner;

4 (i) Unlisted telephone number or electronic address of any unit
5 owner or resident;

6 (j) Security access information provided to the association for
7 emergency purposes; or

8 (k) Agreements that for good cause prohibit disclosure to the
9 members.

10 (6) In addition to the requirements in subsection (5) of this
11 section, an association must, prior to disclosure of the list of unit
12 owners required to be retained by an association under subsection
13 (3)(c) of this section, redact or otherwise remove the address of any
14 unit owner or resident who is known to the association to be a
15 participant in the address confidentiality program described in
16 chapter 40.24 RCW or any similar program established by law.

17 (7)(a) Except as provided in (b) and (c) of this subsection, an
18 association may charge a reasonable fee for producing and providing
19 copies of any records under this section and for supervising the unit
20 owner's inspection.

21 (b) A unit owner is entitled to receive a free annual electronic
22 or paper copy of the list retained under subsection (3)(c) of this
23 section from the association.

24 (c) A unit owner is entitled to receive a free electronic or
25 paper copy of the preforeclosure information retained under
26 subsection (3)(o) of this section from the association which must be
27 provided in English and any other language indicated as a preference
28 for correspondence by a unit owner. Translation inaccuracies shall
29 not diminish a good faith effort to provide preforeclosure
30 information in a preferred language other than English.

31 (8) A right to copy records under this section includes the right
32 to receive copies by photocopying or other means, including through
33 an electronic transmission if available upon request by the unit
34 owner.

35 (9) An association is not obligated to compile or synthesize
36 information.

37 (10) Information provided pursuant to this section may not be
38 used for commercial purposes.

39 (11) An association's managing agent must deliver all of the
40 association's original books and records to the association

1 immediately upon termination of its management relationship with the
2 association, or upon such other demand as is made by the board. An
3 association managing agent may keep copies of the association records
4 at its own expense.

5 (12) This section applies to records in the possession of the
6 association on July 23, 2023, and to records created or maintained
7 after July 23, 2023. An association has no liability under this
8 section for records disposed of prior to July 23, 2023.

9 **Sec. 17.** RCW 64.38.045 and 2023 c 409 s 3 are each amended to
10 read as follows:

11 (1) The association or its managing agent shall keep financial
12 and other records sufficiently detailed to enable the association to
13 fully declare to each owner the true statement of its financial
14 status. All financial and other records of the association, including
15 but not limited to checks, bank records, and invoices, in whatever
16 form they are kept, are the property of the association. Each
17 association managing agent shall turn over all original books and
18 records to the association immediately upon termination of the
19 management relationship with the association, or upon such other
20 demand as is made by the board of directors. An association managing
21 agent is entitled to keep copies of association records. All records
22 which the managing agent has turned over to the association shall be
23 made reasonably available for the examination and copying by the
24 managing agent.

25 (2) At least annually, the association shall prepare, or cause to
26 be prepared, a financial statement of the association. The financial
27 statements of associations with annual assessments of \$50,000 or more
28 shall be audited at least annually by an independent certified public
29 accountant, but the audit may be waived if 67 percent of the votes
30 cast by owners, in person or by proxy, at a meeting of the
31 association at which a quorum is present, vote each year to waive the
32 audit.

33 (3) The funds of the association shall be kept in accounts in the
34 name of the association and shall not be commingled with the funds of
35 any other association, nor with the funds of any manager of the
36 association or any other person responsible for the custody of such
37 funds.

38 (4) An association must retain the following:

1 (a) The current budget, detailed records of receipts and
2 expenditures affecting the operation and administration of the
3 association, and other appropriate accounting records within the last
4 seven years;

5 (b) Minutes of all meetings of its owners and board other than
6 executive sessions, a record of all actions taken by the owners or
7 board without a meeting, and a record of all actions taken by a
8 committee in place of the board on behalf of the association;

9 (c) The names of current owners, addresses used by the
10 association to communicate with them, and the number of votes
11 allocated to each lot;

12 (d) Its original or restated declaration, organizational
13 documents, all amendments to the declaration and organizational
14 documents, and all rules currently in effect;

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

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

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

21 (h) Copies of contracts to which it is or was a party within the
22 last seven years;

23 (i) Materials relied upon by the board or any committee to
24 approve or deny any requests for design or architectural approval for
25 a period of seven years after the decision is made;

26 (j) Materials relied upon by the board or any committee
27 concerning a decision to enforce the governing documents for a period
28 of seven years after the decision is made;

29 (k) Copies of insurance policies under which the association is a
30 named insured;

31 (l) Any current warranties provided to the association;

32 (m) Copies of all notices provided to owners or the association
33 in accordance with this chapter or the governing documents; ~~((and))~~

34 (n) Ballots, proxies, absentee ballots, and other records related
35 to voting by owners for one year after the election, action, or vote
36 to which they relate; and

37 (o) The preforeclosure information required by RCW 64.38.100(1).

38 (5)(a) Subject to subsections (6) through (8) of this section,
39 and except as provided in (b) of this subsection, all records
40 required to be retained by an association must be made available for

1 examination and copying by all owners, holders of mortgages on the
2 lots, and their respective authorized agents as follows, unless
3 agreed otherwise:

4 (i) During reasonable business hours or at a mutually convenient
5 time and location; and

6 (ii) At the offices of the association or its managing agent.

7 (b) The list of owners required to be retained by an association
8 under subsection (4)(c) of this section is not required to be made
9 available for examination and copying by holders of mortgages on the
10 lots.

11 (6) Records retained by an association must have the following
12 information redacted or otherwise removed prior to disclosure:

13 (a) Personnel and medical records relating to specific
14 individuals;

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

17 (c) Existing or potential litigation or mediation, arbitration,
18 or administrative proceedings;

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

22 (e) Legal advice or communications that are otherwise protected
23 by the attorney-client privilege or the attorney work product
24 doctrine, including communications with the managing agent or other
25 agent of the association;

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

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

29 (h) Individual lot files other than those of the requesting
30 owner;

31 (i) Unlisted telephone number or electronic address of any owner
32 or resident;

33 (j) Security access information provided to the association for
34 emergency purposes; or

35 (k) Agreements that for good cause prohibit disclosure to the
36 members.

37 (7) In addition to the requirements in subsection (6) of this
38 section, an association must, prior to disclosure of the list of
39 owners required to be retained by an association under subsection
40 (4)(c) of this section, redact or otherwise remove the address of any

1 owner or resident who is known to the association to be a participant
2 in the address confidentiality program described in chapter 40.24 RCW
3 or any similar program established by law.

4 (8) (a) Except as provided in (b) and (c) of this subsection, an
5 association may charge a reasonable fee for producing and providing
6 copies of any records under this section and for supervising the
7 owner's inspection.

8 (b) An owner is entitled to receive a free annual electronic or
9 paper copy of the list retained under subsection (4) (c) of this
10 section from the association.

11 (c) An owner is entitled to receive a free electronic or paper
12 copy of the preforeclosure information retained under subsection
13 (4) (o) of this section from the association which must be provided in
14 English and any other language indicated as a preference for
15 correspondence by an owner. Translation inaccuracies shall not
16 diminish a good faith effort to provide preforeclosure information in
17 a preferred language other than English.

18 (9) A right to copy records under this section includes the right
19 to receive copies by photocopying or other means, including through
20 an electronic transmission if available upon request by the owner.

21 (10) An association is not obligated to compile or synthesize
22 information.

23 (11) Information provided pursuant to this section may not be
24 used for commercial purposes.

25 (12) An association's managing agent must deliver all of the
26 association's original books and records to the association
27 immediately upon termination of its management relationship with the
28 association, or upon such other demand as is made by the board. An
29 association managing agent may keep copies of the association records
30 at its own expense.

31 (13) This section applies to records in the possession of the
32 association on July 23, 2023, and to records created or maintained
33 after July 23, 2023. An association has no liability under this
34 section for records disposed of prior to July 23, 2023.

35 **Sec. 18.** RCW 64.90.495 and 2024 c 321 s 320 are each amended to
36 read as follows:

37 (1) An association must retain the following:

38 (a) The current budget, detailed records of receipts and
39 expenditures affecting the operation and administration of the

1 association, and other appropriate accounting records within the last
2 seven years;

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

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

10 (d) Its original or restated declaration, organizational
11 documents, all amendments to the declaration and organizational
12 documents, and all rules currently in effect;

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

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

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

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

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

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

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

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

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

32 (n) Copies of all notices provided to unit owners or the
33 association in accordance with this chapter or the governing
34 documents;

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

38 (p) Originals or copies of any plans and specifications delivered
39 by the declarant pursuant to RCW 64.90.420(1);

1 (q) Originals or copies of any instruments of conveyance for any
2 common elements included within the common interest community but not
3 appurtenant to the units delivered by the declarant pursuant to RCW
4 64.90.420(1); (~~and~~)

5 (r) Originals or copies of any permits or certificates of
6 occupancy for the common elements in the common interest community
7 delivered by the declarant pursuant to RCW 64.90.420(1); and

8 (s) The preforeclosure information required by RCW 64.90.485
9 (21).

10 (2)(a) Subject to subsections (3) through (5) of this section,
11 and except as provided in (b) of this subsection, all records
12 required to be retained by an association must be made available for
13 examination and copying by all unit owners, holders of mortgages on
14 the units, and their respective authorized agents as follows, unless
15 agreed otherwise:

16 (i) During reasonable business hours and at the offices of the
17 association or its managing agent, or at a mutually convenient time
18 and location; and

19 (ii) Upon 10 days' notice unless the size of the request or need
20 to redact information reasonably requires a longer time, but in no
21 event later than 21 days without a court order allowing a longer
22 time.

23 (b) The list of unit owners required to be retained by an
24 association under subsection (1)(c) of this section is not required
25 to:

26 (i) Be made available for examination and copying by holders of
27 mortgages on the units; or

28 (ii) Contain the electronic addresses of unit owners who have
29 elected to keep such addresses confidential pursuant to RCW
30 64.90.515(3)(a).

31 (3) Records retained by an association must have the following
32 information redacted or otherwise removed prior to disclosure:

33 (a) Personnel and medical records relating to specific
34 individuals;

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

37 (c) Existing or potential litigation or mediation, arbitration,
38 or administrative proceedings;

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

4 (e) Legal advice or communications that are otherwise protected
5 by the attorney-client privilege or the attorney work product
6 doctrine, including communications with the managing agent or other
7 agent of the association;

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

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

11 (h) Individual unit files other than those of the requesting unit
12 owner;

13 (i) Unlisted telephone number of any unit owner or resident,
14 electronic address of any unit owner that elects to keep such
15 electronic address confidential, or electronic address of any
16 resident;

17 (j) Security access information provided to the association for
18 emergency purposes;

19 (k) Agreements that for good cause prohibit disclosure to the
20 members; or

21 (l) Any information which would compromise the secrecy of a
22 ballot cast under RCW 64.90.455(9).

23 (4) In addition to the requirements in subsection (3) of this
24 section, an association must, prior to disclosure of the list of unit
25 owners required to be retained by an association under subsection
26 (1)(c) of this section, redact or otherwise remove the address of any
27 unit owner or resident who is known to the association to be a
28 participant in the address confidentiality program described in
29 chapter 40.24 RCW or any similar program established by law.

30 (5)(a) Except as provided in (b) and (c) of this subsection, an
31 association may charge a reasonable fee for producing and providing
32 copies of any records under this section and for supervising the unit
33 owner's inspection.

34 (b) A unit owner is entitled to receive a free annual electronic
35 or written copy of the list retained under subsection (1)(c) of this
36 section from the association.

37 (c) A unit owner is entitled to receive a free electronic or
38 written copy of the preforeclosure information retained under
39 subsection (1)(s) of this section from the association which must be
40 provided in English and any other language indicated as a preference

1 for correspondence by a unit owner. Translation inaccuracies shall
2 not diminish a good faith effort to provide preforeclosure
3 information in a preferred language other than English.

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

8 (7) An association is not obligated to compile or synthesize
9 information.

10 (8) Information provided pursuant to this section may not be used
11 for commercial purposes.

12 (9) An association's managing agent must deliver all of the
13 association's original books and records to the association upon
14 termination of its management relationship with the association, or
15 upon such other demand as is made by the board. Electronic records
16 must be provided within five business days of termination or the
17 board's demand and written records must be provided within 10
18 business days of termination or the board's demand. An association
19 managing agent may keep copies of the association records at its own
20 expense.

21 NEW SECTION. Sec. 19. (1) Sections 1 through 4 and 11 through
22 14 of this act take effect January 1, 2026.

23 (2) Sections 5 through 7 of this act take effect January 1, 2028.

24 NEW SECTION. Sec. 20. Sections 1, 2, 4, 11 through 13, and 15
25 through 17 of this act expire January 1, 2028.

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