

EHB 1636 - S COMM AMD

By Committee on Law & Justice

1 Strike everything after the enacting clause and insert the
2 following:

3 "Sec. 1. RCW 64.32.200 and 2021 c 222 s 3 are each amended to
4 read as follows:

5 (1) The declaration may provide for the collection of all sums
6 assessed by the association of apartment owners for the share of the
7 common expenses chargeable to any apartment and the collection may be
8 enforced in any manner provided in the declaration including, but not
9 limited to, (a) (~~ten~~) 10 days notice shall be given the delinquent
10 apartment owner to the effect that unless such assessment is paid
11 within (~~ten~~) 10 days any or all utility services will be forthwith
12 severed and shall remain severed until such assessment is paid, or
13 (b) collection of such assessment may be made by such lawful method
14 of enforcement, judicial or extra-judicial, as may be provided in the
15 declaration and/or bylaws.

16 (2) All sums assessed by the association of apartment owners but
17 unpaid for the share of the common expenses chargeable to any
18 apartment shall constitute a lien on such apartment prior to all
19 other liens except only (a) tax liens on the apartment in favor of
20 any assessing unit and/or special district, and (b) all sums unpaid
21 on all mortgages of record. Such lien is not subject to the ban
22 against execution or forced sales of homesteads under RCW 6.13.080
23 and, subject to the provisions in subsection (~~(4)~~) (5) of this
24 section, may be foreclosed by suit by the manager or board of
25 directors, acting on behalf of the apartment owners, in like manner
26 as a mortgage of real property. In any such foreclosure the apartment
27 owner shall be required to pay a reasonable rental for the apartment,
28 if so provided in the bylaws, and the plaintiff in such foreclosures
29 shall be entitled to the appointment of a receiver to collect the
30 same. The manager or board of directors, acting on behalf of the
31 apartment owners, shall have power, unless prohibited by the

1 declaration, to bid on the apartment at foreclosure sale, and to
2 acquire and hold, lease, mortgage, and convey the same. Upon an
3 express waiver in the complaint of any right to a deficiency
4 judgment, the period of redemption shall be eight months after the
5 sale. Suit to recover any judgment for any unpaid common expenses
6 shall be maintainable without foreclosing or waiving the liens
7 securing the same.

8 (3) Where the mortgagee of a mortgage of record or other
9 purchaser of an apartment obtains possession of the apartment as a
10 result of foreclosure of the mortgage, such possessor, his or her
11 successors and assigns shall not be liable for the share of the
12 common expenses or assessments by the association of apartment owners
13 chargeable to such apartment which became due prior to such
14 possession. Such unpaid share of common expenses of assessments shall
15 be deemed to be common expenses collectible from all of the apartment
16 owners including such possessor, his or her successors and assigns.

17 (4) (a) When the association, or the manager or board of directors
18 on its behalf, mails to the apartment owner by first-class mail the
19 first notice of delinquency for past due assessments to the apartment
20 address and to any other address that the owner has provided to the
21 association, the association shall include a first preforeclosure
22 notice that states as follows:

23 **THIS IS A NOTICE OF DELINQUENCY FOR PAST DUE ASSESSMENTS**
24 **FROM THE APARTMENT OWNERS' ASSOCIATION TO WHICH YOUR HOME BELONGS.**
25 **THIS NOTICE IS ONE STEP IN A PROCESS THAT COULD RESULT IN YOUR LOSING**
26 **YOUR HOME.**
27 **CONTACT A HOUSING COUNSELOR OR AN ATTORNEY LICENSED IN WASHINGTON NOW**
28 **to assess your situation and refer you to mediation if you might**
29 **benefit. DO NOT DELAY.**
30 **BE CAREFUL** of people who claim they can help you. There are many
31 **individuals and businesses that prey upon borrowers in distress.**
32 **REFER TO THE CONTACTS BELOW** for sources of assistance.

33 **SEEKING ASSISTANCE**

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

38 **The statewide foreclosure hotline for assistance and referral to**
39 **housing counselors recommended by the Housing Finance Commission**

1 Telephone: Website:

2 The United States Department of Housing and Urban Development

3 Telephone: Website:

4 The statewide civil legal aid hotline for assistance and
5 referrals to other housing counselors and attorneys

6 Telephone: Website:

7 The association shall obtain the toll-free numbers and website
8 information from the department of commerce for inclusion in the
9 notice.

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

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

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

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

31 (ii) (~~(\$200)~~) \$2,000 of assessments, not including fines, late
32 charges, interest, attorneys' fees, or costs incurred by the
33 association in connection with the collection of a delinquent owner's
34 account;

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

1 owner has provided to the association, a second notice of
2 delinquency, which (~~shall state as follows:~~

3 ~~THIS IS A NOTICE OF DELINQUENCY FOR PAST DUE ASSESSMENTS~~
4 ~~FROM THE APARTMENT OWNERS' ASSOCIATION TO WHICH YOUR HOME BELONGS.~~
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8 ~~to assess your situation and refer you to mediation if you might~~
9 ~~benefit. DO NOT DELAY.~~

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23 The statewide civil legal aid hotline for assistance and
24 referrals to other housing counselors and attorneys

25 Telephone: Website:

26 The association shall obtain the toll-free numbers and website
27 information from the department of commerce for inclusion in the
28 notice)) must include a second preforeclosure notice that contains
29 the same information as the first preforeclosure notice provided to
30 the apartment owner pursuant to subsection (4)(a) of this section.
31 The second preforeclosure notice may not be mailed sooner than 60
32 days after the first preforeclosure notice required in subsection
33 (4)(a) of this section is mailed;

34 (c) At least 180 days have elapsed from the date the minimum
35 amount required in (a) of this subsection has accrued; and

36 (d) The board approves commencement of a foreclosure action
37 specifically against that apartment.

38 ((5)) (6) Every aspect of a collection, foreclosure, sale, or
39 other conveyance under this section, including the method,

1 advertising, time, date, place, and terms, must be commercially
2 reasonable.

3 **Sec. 2.** RCW 64.32.200 and 2021 c 222 s 4 are each amended to
4 read as follows:

5 (1) The declaration may provide for the collection of all sums
6 assessed by the association of apartment owners for the share of the
7 common expenses chargeable to any apartment and the collection may be
8 enforced in any manner provided in the declaration including, but not
9 limited to, (a) (~~ten~~) 10 days notice shall be given the delinquent
10 apartment owner to the effect that unless such assessment is paid
11 within (~~ten~~) 10 days any or all utility services will be forthwith
12 severed and shall remain severed until such assessment is paid, or
13 (b) collection of such assessment may be made by such lawful method
14 of enforcement, judicial or extra-judicial, as may be provided in the
15 declaration and/or bylaws.

16 (2) All sums assessed by the association of apartment owners but
17 unpaid for the share of the common expenses chargeable to any
18 apartment shall constitute a lien on such apartment prior to all
19 other liens except only (a) tax liens on the apartment in favor of
20 any assessing unit and/or special district, and (b) all sums unpaid
21 on all mortgages of record. Such lien is not subject to the ban
22 against execution or forced sales of homesteads under RCW 6.13.080
23 and, subject to the provisions in subsection (~~(4)~~) (5) of this
24 section, may be foreclosed by suit by the manager or board of
25 directors, acting on behalf of the apartment owners, in like manner
26 as a mortgage of real property. In any such foreclosure the apartment
27 owner shall be required to pay a reasonable rental for the apartment,
28 if so provided in the bylaws, and the plaintiff in such foreclosures
29 shall be entitled to the appointment of a receiver to collect the
30 same. The manager or board of directors, acting on behalf of the
31 apartment owners, shall have power, unless prohibited by the
32 declaration, to bid on the apartment at foreclosure sale, and to
33 acquire and hold, lease, mortgage, and convey the same. Upon an
34 express waiver in the complaint of any right to a deficiency
35 judgment, the period of redemption shall be eight months after the
36 sale. Suit to recover any judgment for any unpaid common expenses
37 shall be maintainable without foreclosing or waiving the liens
38 securing the same.

1 (3) Where the mortgagee of a mortgage of record or other
2 purchaser of an apartment obtains possession of the apartment as a
3 result of foreclosure of the mortgage, such possessor, his or her
4 successors and assigns shall not be liable for the share of the
5 common expenses or assessments by the association of apartment owners
6 chargeable to such apartment which became due prior to such
7 possession. Such unpaid share of common expenses of assessments shall
8 be deemed to be common expenses collectible from all of the apartment
9 owners including such possessor, his or her successors and assigns.

10 (4) (a) When the association, or the manager or board of directors
11 on its behalf, mails to the apartment owner by first-class mail the
12 first notice of delinquency for past due assessments to the apartment
13 address and to any other address that the owner has provided to the
14 association, the association shall include a first preforeclosure
15 notice that states as follows:

16 **THIS IS A NOTICE OF DELINQUENCY FOR PAST DUE ASSESSMENTS**
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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. If you would like assistance in determining
29 your rights and opportunities to keep your house, you may contact the
30 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) If, when a delinquent account is referred to an association's
5 attorney, the first preforeclosure notice required under (a) of this
6 subsection has not yet been mailed to the apartment owner, the
7 association or the association's attorney shall mail the first
8 preforeclosure notice to the apartment owner in order to satisfy the
9 requirement in (a) of this subsection.

10 (c) Mailing the first preforeclosure notice pursuant to (a) of
11 this subsection does not satisfy the requirement in subsection (5)(b)
12 of this section to mail a second preforeclosure notice at or after
13 the date that assessments have become past due for at least 90 days.
14 The second preforeclosure notice may not be mailed sooner than 60
15 days after the first preforeclosure notice is mailed.

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

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

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

25 (ii) ((~~\$200~~)) \$2,000 of assessments, not including fines, late
26 charges, interest, attorneys' fees, or costs incurred by the
27 association in connection with the collection of a delinquent owner's
28 account;

29 (b) At or after the date that assessments have become past due
30 for at least 90 days, but no sooner than 60 days after the first
31 preforeclosure notice required in subsection (4)(a) of this section
32 is mailed, the association has mailed, by first-class mail, to the
33 owner, at the apartment address and to any other address which the
34 owner has provided to the association, a second notice of
35 delinquency, which ((~~shall state as follows:~~

36 ~~**THIS IS A NOTICE OF DELINQUENCY FOR PAST DUE ASSESSMENTS**~~
37 ~~**FROM THE APARTMENT OWNERS' ASSOCIATION TO WHICH YOUR HOME BELONGS.**~~
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2 to assess your situation and refer you to mediation if you might
3 benefit. DO NOT DELAY.
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5 individuals and businesses that prey upon borrowers in distress.
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9 little or no cost to you. If you would like assistance in determining
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18 referrals to other housing counselors and attorneys~~

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~~20 The association shall obtain the toll-free numbers and website
21 information from the department of commerce for inclusion in the
22 notice)) must include a second preforeclosure notice that contains
23 the same information as the first preforeclosure notice provided to
24 the apartment owner pursuant to subsection (4)(a) of this section.
25 The second preforeclosure notice may not be mailed sooner than 60
26 days after the first preforeclosure notice required in subsection
27 (4)(a) of this section is mailed;~~

~~28 (c) At least 90 days have elapsed from the date the minimum
29 amount required in (a) of this subsection has accrued; and~~

~~30 (d) The board approves commencement of a foreclosure action
31 specifically against that apartment.~~

~~32 ((+5)) (6) Every aspect of a collection, foreclosure, sale, or
33 other conveyance under this section, including the method,
34 advertising, time, date, place, and terms, must be commercially
35 reasonable.~~

~~36 **Sec. 3.** RCW 64.34.364 and 2021 c 222 s 5 are each amended to
37 read as follows:~~

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

4 (2) A lien under this section shall be prior to all other liens
5 and encumbrances on a unit except: (a) Liens and encumbrances
6 recorded before the recording of the declaration; (b) a mortgage on
7 the unit recorded before the date on which the assessment sought to
8 be enforced became delinquent; and (c) liens for real property taxes
9 and other governmental assessments or charges against the unit. A
10 lien under this section is not subject to the provisions of chapter
11 6.13 RCW.

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

23 (4) The priority of the association's lien against units
24 encumbered by a mortgage held by an eligible mortgagee or by a
25 mortgagee which has given the association a written request for a
26 notice of delinquent assessments shall be reduced by up to three
27 months if and to the extent that the lien priority under subsection
28 (3) of this section includes delinquencies which relate to a period
29 after such holder becomes an eligible mortgagee or has given such
30 notice and before the association gives the holder a written notice
31 of the delinquency. This subsection does not affect the priority of
32 mechanics' or material suppliers' liens, or the priority of liens for
33 other assessments made by the association.

34 (5) If the association forecloses its lien under this section
35 nonjudicially pursuant to chapter 61.24 RCW, as provided by
36 subsection (9) of this section, the association shall not be entitled
37 to the lien priority provided for under subsection (3) of this
38 section.

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

4 (7) Recording of the declaration constitutes record notice and
5 perfection of the lien for assessments. While no further recording of
6 any claim of lien for assessment under this section shall be required
7 to perfect the association's lien, the association may record a
8 notice of claim of lien for assessments under this section in the
9 real property records of any county in which the condominium is
10 located. Such recording shall not constitute the written notice of
11 delinquency to a mortgagee referred to in subsection (2) of this
12 section.

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

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

36 (10) From the time of commencement of an action by the
37 association to foreclose a lien for nonpayment of delinquent
38 assessments against a unit that is not occupied by the owner thereof,
39 the association shall be entitled to the appointment of a receiver to
40 collect from the lessee thereof the rent for the unit as and when

1 due. If the rental is not paid, the receiver may obtain possession of
2 the unit, refurbish it for rental up to a reasonable standard for
3 rental units in this type of condominium, rent the unit or permit its
4 rental to others, and apply the rents first to the cost of the
5 receivership and attorneys' fees thereof, then to the cost of
6 refurbishing the unit, then to applicable charges, then to costs,
7 fees, and charges of the foreclosure action, and then to the payment
8 of the delinquent assessments. Only a receiver may take possession
9 and collect rents under this subsection, and a receiver shall not be
10 appointed less than (~~ninety~~) 90 days after the delinquency. The
11 exercise by the association of the foregoing rights shall not affect
12 the priority of preexisting liens on the unit.

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

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

34 (13) The association may from time to time establish reasonable
35 late charges and a rate of interest to be charged on all subsequent
36 delinquent assessments or installments thereof. In the absence of
37 another established nonusurious rate, delinquent assessments shall
38 bear interest from the date of delinquency at the maximum rate
39 permitted under RCW 19.52.020 on the date on which the assessments
40 became delinquent.

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

8 (15) The association upon written request shall furnish to a unit
9 owner or a mortgagee a statement signed by an officer or authorized
10 agent of the association setting forth the amount of unpaid
11 assessments against that unit. The statement shall be furnished
12 within fifteen days after receipt of the request and is binding on
13 the association, the board of directors, and every unit owner, unless
14 and to the extent known by the recipient to be false.

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

18 (17)(a) When the association mails to the unit owner by first-
19 class mail the first notice of delinquency for past due assessments
20 to the unit address and to any other address that the owner has
21 provided to the association, the association shall include a first
22 preforeclosure notice that states as follows:

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29 **benefit. DO NOT DELAY.**
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31 **individuals and businesses that prey upon borrowers in distress.**
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7 The association shall obtain the toll-free numbers and website
8 information from the department of commerce for inclusion in the
9 notice.

10 (b) 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 (c) Mailing the first preforeclosure notice pursuant to (a) of
17 this subsection does not satisfy the requirement in subsection
18 (18)(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 (18) An association may not commence an action to foreclose a
23 lien on a unit under this section unless:

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

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

30 (ii) (~~(\$200)~~) \$2,000 of assessments, not including fines, late
31 charges, interest, attorneys' fees, or costs incurred by the
32 association in connection with the collection of a delinquent owner's
33 account;

34 (b) At or after the date that assessments have become past due
35 for at least 90 days, but no sooner than 60 days after the first
36 preforeclosure notice required in subsection (17)(a) of this section
37 is mailed, the association has mailed, by first-class mail, to the
38 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 (~~shall state as follows:~~

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28 notice)) must include a second preforeclosure notice that contains
29 the same information as the first preforeclosure notice provided to
30 the unit owner pursuant to subsection (17)(a) of this section. The
31 second preforeclosure notice may not be mailed sooner than 60 days
32 after the first preforeclosure notice required in subsection (17)(a)
33 of this section is mailed;

34 (c) At least 180 days have elapsed from the date the minimum
35 amount required in (a) of this subsection has accrued; and

36 (d) The board approves commencement of a foreclosure action
37 specifically against that unit.

38 ((18)) (19) Every aspect of a collection, foreclosure, sale, or
39 other conveyance under this section, including the method,

1 advertising, time, date, place, and terms, must be commercially
2 reasonable.

3 **Sec. 4.** RCW 64.34.364 and 2021 c 222 s 6 are each amended to
4 read as follows:

5 (1) The association has a lien on a unit for any unpaid
6 assessments levied against a unit from the time the assessment is
7 due.

8 (2) A lien under this section shall be prior to all other liens
9 and encumbrances on a unit except: (a) Liens and encumbrances
10 recorded before the recording of the declaration; (b) a mortgage on
11 the unit recorded before the date on which the assessment sought to
12 be enforced became delinquent; and (c) liens for real property taxes
13 and other governmental assessments or charges against the unit. A
14 lien under this section is not subject to the provisions of chapter
15 6.13 RCW.

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

27 (4) The priority of the association's lien against units
28 encumbered by a mortgage held by an eligible mortgagee or by a
29 mortgagee which has given the association a written request for a
30 notice of delinquent assessments shall be reduced by up to three
31 months if and to the extent that the lien priority under subsection
32 (3) of this section includes delinquencies which relate to a period
33 after such holder becomes an eligible mortgagee or has given such
34 notice and before the association gives the holder a written notice
35 of the delinquency. This subsection does not affect the priority of
36 mechanics' or material suppliers' liens, or the priority of liens for
37 other assessments made by the association.

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

1 subsection (9) of this section, the association shall not be entitled
2 to the lien priority provided for under subsection (3) of this
3 section.

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

7 (7) Recording of the declaration constitutes record notice and
8 perfection of the lien for assessments. While no further recording of
9 any claim of lien for assessment under this section shall be required
10 to perfect the association's lien, the association may record a
11 notice of claim of lien for assessments under this section in the
12 real property records of any county in which the condominium is
13 located. Such recording shall not constitute the written notice of
14 delinquency to a mortgagee referred to in subsection (2) of this
15 section.

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

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

39 (10) From the time of commencement of an action by the
40 association to foreclose a lien for nonpayment of delinquent

1 assessments against a unit that is not occupied by the owner thereof,
2 the association shall be entitled to the appointment of a receiver to
3 collect from the lessee thereof the rent for the unit as and when
4 due. If the rental is not paid, the receiver may obtain possession of
5 the unit, refurbish it for rental up to a reasonable standard for
6 rental units in this type of condominium, rent the unit or permit its
7 rental to others, and apply the rents first to the cost of the
8 receivership and attorneys' fees thereof, then to the cost of
9 refurbishing the unit, then to applicable charges, then to costs,
10 fees, and charges of the foreclosure action, and then to the payment
11 of the delinquent assessments. Only a receiver may take possession
12 and collect rents under this subsection, and a receiver shall not be
13 appointed less than (~~ninety~~) 90 days after the delinquency. The
14 exercise by the association of the foregoing rights shall not affect
15 the priority of preexisting liens on the unit.

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

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

37 (13) The association may from time to time establish reasonable
38 late charges and a rate of interest to be charged on all subsequent
39 delinquent assessments or installments thereof. In the absence of
40 another established nonusurious rate, delinquent assessments shall

1 bear interest from the date of delinquency at the maximum rate
2 permitted under RCW 19.52.020 on the date on which the assessments
3 became delinquent.

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

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

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

21 (17)(a) When the association mails to the unit owner by first-
22 class mail the first notice of delinquency for past due assessments
23 to the unit address and to any other address that the owner has
24 provided to the association, the association shall include a first
25 preforeclosure notice that states as follows:

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

36 **SEEKING ASSISTANCE**

37 Housing counselors and legal assistance may be available at
38 little or no cost to you. If you would like assistance in determining

1 your rights and opportunities to keep your house, you may contact the
2 following:

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

5 Telephone: Website:

6 The United States Department of Housing and Urban Development

7 Telephone: Website:

8 The statewide civil legal aid hotline for assistance and
9 referrals to other housing counselors and attorneys

10 Telephone: Website:

11 The association shall obtain the toll-free numbers and website
12 information from the department of commerce for inclusion in the
13 notice.

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

20 (c) Mailing the first preforeclosure notice pursuant to (a) of
21 this subsection does not satisfy the requirement in subsection
22 (18)(b) of this section to mail a second preforeclosure notice at or
23 after the date that assessments have become past due for at least 90
24 days. The second preforeclosure notice may not be mailed sooner than
25 60 days after the first preforeclosure notice is mailed.

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

28 (a) The unit owner, at the time the action is commenced, owes at
29 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) (~~(\$200)~~) \$2,000 of assessments, not including fines, late
35 charges, interest, attorneys' fees, or costs incurred by the
36 association in connection with the collection of a delinquent owner's
37 account;

38 (b) At or after the date that assessments have become past due
39 for at least 90 days, but no sooner than 60 days after the first

1 preforeclosure notice required in subsection (17)(a) of this section
2 is mailed, the association has mailed, by first-class mail, to the
3 owner, at the unit address and to any other address which the owner
4 has provided to the association, a second notice of delinquency,
5 which ((shall state as follows:

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

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

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

16 **SEEKING ASSISTANCE**

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18 little or no cost to you. If you would like assistance in determining
19 your rights and opportunities to keep your house, you may contact the
20 following:

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

23 Telephone: Website:

24 The United States Department of Housing and Urban Development

25 Telephone: Website:

26 The statewide civil legal aid hotline for assistance and
27 referrals to other housing counselors and attorneys

28 Telephone: Website:

29 The association shall obtain the toll-free numbers and website
30 information from the department of commerce for inclusion in the
31 notice)) must include a second preforeclosure notice that contains
32 the same information as the first preforeclosure notice provided to
33 the unit owner pursuant to subsection (17)(a) of this section. The
34 second preforeclosure notice may not be mailed sooner than 60 days
35 after the first preforeclosure notice required in subsection (17)(a)
36 of this section is mailed;

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

1 (d) The board approves commencement of a foreclosure action
2 specifically against that unit.

3 (~~(18)~~) (19) Every aspect of a collection, foreclosure, sale, or
4 other conveyance under this section, including the method,
5 advertising, time, date, place, and terms, must be commercially
6 reasonable.

7 **Sec. 5.** RCW 64.38.100 and 2021 c 222 s 7 are each amended to
8 read as follows:

9 (1)(a) If the governing documents of an association provide for a
10 lien on the lot of any owner for unpaid assessments, the association
11 shall include the following first preforeclosure notice when mailing
12 to the lot owner by first-class mail the first notice of delinquency
13 to the lot address and to any other address that the owner has
14 provided to the association:

15 **THIS IS A NOTICE OF DELINQUENCY FOR PAST DUE ASSESSMENTS**
16 **FROM THE HOMEOWNERS' ASSOCIATION TO WHICH YOUR HOME BELONGS.**
17 **THIS NOTICE IS ONE STEP IN A PROCESS THAT COULD RESULT IN YOUR LOSING**
18 **YOUR HOME.**
19 **CONTACT A HOUSING COUNSELOR OR AN ATTORNEY LICENSED IN WASHINGTON NOW**
20 to assess your situation and refer you to mediation if you might
21 benefit. DO NOT DELAY.
22 **BE CAREFUL** of people who claim they can help you. There are many
23 individuals and businesses that prey upon borrowers in distress.
24 **REFER TO THE CONTACTS BELOW** for sources of assistance.

25 **SEEKING ASSISTANCE**

26 Housing counselors and legal assistance may be available at
27 little or no cost to you. If you would like assistance in determining
28 your rights and opportunities to keep your house, you may contact the
29 following:

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

32 Telephone: Website:

33 The United States Department of Housing and Urban Development

34 Telephone: Website:

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

37 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) If, when a delinquent account is referred to an association's
5 attorney, the first preforeclosure notice required under (a) of this
6 subsection has not yet been mailed to the lot owner, the association
7 or the association's attorney shall mail the first preforeclosure
8 notice to the lot owner in order to satisfy the requirement in (a) of
9 this subsection.

10 (c) Mailing the first preforeclosure notice pursuant to (a) of
11 this subsection does not satisfy the requirement in subsection (2)(b)
12 of this section to mail a second preforeclosure notice at or after
13 the date that assessments have become past due for at least 90 days.
14 The second preforeclosure notice may not be mailed sooner than 60
15 days after the first preforeclosure notice is mailed.

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

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

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

25 (ii) ((\$200)) \$2,000 of assessments, not including fines, late
26 charges, interest, attorneys' fees, or costs incurred by the
27 association in connection with the collection of a delinquent owner's
28 account;

29 (b) At or after the date that assessments have become past due
30 for at least 90 days, but no sooner than 60 days after the first
31 preforeclosure notice required in subsection (1)(a) of this section
32 is mailed, the association has mailed, by first-class mail, to the
33 owner, at the lot address and to any other address which the owner
34 has provided to the association, a second notice of delinquency,
35 which (~~shall state as follows:~~

36 ~~**THIS IS A NOTICE OF DELINQUENCY FOR PAST DUE ASSESSMENTS**~~
37 ~~**FROM THE HOMEOWNERS' ASSOCIATION TO WHICH YOUR HOME BELONGS.**~~

~~THIS NOTICE IS ONE STEP IN A PROCESS THAT COULD RESULT IN YOUR LOSING YOUR HOME.~~

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

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

SEEKING ASSISTANCE

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

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

Telephone: Website:

The United States Department of Housing and Urban Development

Telephone: Website:

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

Telephone: Website:

The association shall obtain the toll-free numbers and website information from the department of commerce for inclusion in the notice)) must include a second preforeclosure notice that contains the same information as the first preforeclosure notice provided to the lot owner pursuant to subsection (1)(a) of this section. The second preforeclosure notice may not be mailed sooner than 60 days after the first preforeclosure notice required in subsection (1)(a) of this section is mailed;

(c) At least 180 days have elapsed from the date the minimum amount required in (a) of this subsection has accrued; and

(d) The board approves commencement of a foreclosure action specifically against that lot.

~~((2))~~ (3) Every aspect of a collection, foreclosure, sale, or other conveyance under this section, including the method, advertising, time, date, place, and terms, must be commercially reasonable.

1 **Sec. 6.** RCW 64.38.100 and 2021 c 222 s 8 are each amended to
2 read as follows:

3 (1)(a) If the governing documents of an association provide for a
4 lien on the lot of any owner for unpaid assessments, the association
5 shall include the following first preforeclosure notice when mailing
6 to the lot owner by first-class mail the first notice of delinquency
7 to the lot address and to any other address that the owner has
8 provided to the association:

9 **THIS IS A NOTICE OF DELINQUENCY FOR PAST DUE ASSESSMENTS**
10 **FROM THE HOMEOWNERS' ASSOCIATION TO WHICH YOUR HOME BELONGS.**
11 **THIS NOTICE IS ONE STEP IN A PROCESS THAT COULD RESULT IN YOUR LOSING**
12 **YOUR HOME.**
13 **CONTACT A HOUSING COUNSELOR OR AN ATTORNEY LICENSED IN WASHINGTON NOW**
14 to assess your situation and refer you to mediation if you might
15 benefit. DO NOT DELAY.
16 **BE CAREFUL** of people who claim they can help you. There are many
17 individuals and businesses that prey upon borrowers in distress.
18 **REFER TO THE CONTACTS BELOW** for sources of assistance.

19 **SEEKING ASSISTANCE**

20 Housing counselors and legal assistance may be available at
21 little or no cost to you. If you would like assistance in determining
22 your rights and opportunities to keep your house, you may contact the
23 following:

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

26 Telephone: Website:

27 The United States Department of Housing and Urban Development

28 Telephone: Website:

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

31 Telephone: Website:

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

35 (b) If, when a delinquent account is referred to an association's
36 attorney, the first preforeclosure notice required under (a) of this
37 subsection has not yet been mailed to the lot owner, the association
38 or the association's attorney shall mail the first preforeclosure

1 notice to the lot owner in order to satisfy the requirement in (a) of
2 this subsection.

3 (c) Mailing the first preforeclosure notice pursuant to (a) of
4 this subsection does not satisfy the requirement in subsection (2)(b)
5 of this section to mail a second preforeclosure notice at or after
6 the date that assessments have become past due for at least 90 days.
7 The second preforeclosure notice may not be mailed sooner than 60
8 days after the first preforeclosure notice is mailed.

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

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

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

18 (ii) ~~(\$200)~~ \$2,000 of assessments, not including fines, late
19 charges, interest, attorneys' fees, or costs incurred by the
20 association in connection with the collection of a delinquent owner's
21 account;

22 (b) At or after the date that assessments have become past due
23 for at least 90 days, but no sooner than 60 days after the first
24 preforeclosure notice required in subsection (1)(a) of this section
25 is mailed, the association has mailed, by first-class mail, to the
26 owner, at the lot address and to any other address which the owner
27 has provided to the association, a second notice of delinquency,
28 which ~~((shall state as follows:~~

29 ~~**THIS IS A NOTICE OF DELINQUENCY FOR PAST DUE ASSESSMENTS**~~
30 ~~**FROM THE HOMEOWNERS' ASSOCIATION TO WHICH YOUR HOME BELONGS.**~~
31 ~~**THIS NOTICE IS ONE STEP IN A PROCESS THAT COULD RESULT IN YOUR LOSING**~~
32 ~~**YOUR HOME.**~~
33 ~~**CONTACT A HOUSING COUNSELOR OR AN ATTORNEY LICENSED IN WASHINGTON NOW**~~
34 ~~to assess your situation and refer you to mediation if you might~~
35 ~~benefit. **DO NOT DELAY.**~~
36 ~~**BE CAREFUL** of people who claim they can help you. There are many~~
37 ~~individuals and businesses that prey upon borrowers in distress.~~
38 ~~**REFER TO THE CONTACTS BELOW** for sources of assistance.~~

39 ~~**SEEKING ASSISTANCE**~~

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

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

7 Telephone: Website:

8 The United States Department of Housing and Urban Development

9 Telephone: Website:

10 The statewide civil legal aid hotline for assistance and
11 referrals to other housing counselors and attorneys

12 Telephone: Website:

13 The association shall obtain the toll-free numbers and website
14 information from the department of commerce for inclusion in the
15 notice)) must include a second preforeclosure notice that contains
16 the same information as the first preforeclosure notice provided to
17 the lot owner pursuant to subsection (1)(a) of this section. The
18 second preforeclosure notice may not be mailed sooner than 60 days
19 after the first preforeclosure notice required in subsection (1)(a)
20 of this section is mailed;

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

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

25 ((+2)) (3) Every aspect of a collection, foreclosure, sale, or
26 other conveyance under this section, including the method,
27 advertising, time, date, place, and terms, must be commercially
28 reasonable.

29 **Sec. 7.** RCW 64.90.485 and 2021 c 222 s 1 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 (~~two~~
26 ~~thousand dollars~~) \$2,000 or an amount equal to the amounts described
27 in (a)(i) of this 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 (~~sixty~~) 60 days' prior written notice that the
33 owner of the unit is in default in payment of an assessment. The
34 notice shall 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 (~~sixty~~) 60 days of the
2 written notice, submit the association payment of six months of
3 assessments as described in (a)(i) of this subsection will result in
4 the priority of the amounts described in (a)(ii) of this subsection;
5 and

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

11 (b) For the purposes of this subsection:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 (a) In a common interest community other than a cooperative, the
2 association's lien may be foreclosed judicially in accordance with
3 chapter 61.12 RCW, subject to any rights of redemption under chapter
4 6.23 RCW.

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

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

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

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

29 (a) The association, upon nonpayment of assessments and
30 compliance with this subsection, may sell that unit at a public sale
31 or by private negotiation, and at any time and place. The association
32 must give to the unit owner and any lessee of the unit owner
33 reasonable notice in a record of the time, date, and place of any
34 public sale or, if a private sale is intended, of the intention of
35 entering into a contract to sell and of the time and date after which
36 a private conveyance may be made. Such notice must also be sent to
37 any other person that has a recorded interest in the unit that would
38 be cut off by the sale, but only if the recorded interest was on
39 record seven weeks before the date specified in the notice as the
40 date of any public sale or seven weeks before the date specified in

1 the notice as the date after which a private sale may be made. The
2 notices required under this subsection may be sent to any address
3 reasonable in the circumstances. A sale may not be held until five
4 weeks after the sending of the notice. The association may buy at any
5 public sale and, if the sale is conducted by a fiduciary or other
6 person not related to the association, at a private sale.

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

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

11 (i) The reasonable expenses of sale;

12 (ii) The reasonable expenses of securing possession before sale;
13 the reasonable expenses of holding, maintaining, and preparing the
14 unit for sale, including payment of taxes and other governmental
15 charges and premiums on insurance; and, to the extent provided for by
16 agreement between the association and the unit owner, reasonable
17 attorneys' fees, costs, and other legal expenses incurred by the
18 association;

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

20 (iv) Satisfaction in the order of priority of any subordinate
21 claim of record; and

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

23 (d) A good-faith purchaser for value acquires the unit free of
24 the association's debt that gave rise to the lien under which the
25 foreclosure sale occurred and any subordinate interest, even though
26 the association or other person conducting the sale failed to comply
27 with this section. The person conducting the sale must execute a
28 conveyance to the purchaser sufficient to convey the unit and stating
29 that it is executed by the person after a foreclosure of the
30 association's lien by power of sale and that the person was empowered
31 to make the sale. Signature and title or authority of the person
32 signing the conveyance as grantor and a recital of the facts of
33 nonpayment of the assessment and of the giving of the notices
34 required under this subsection are sufficient proof of the facts
35 recited and of the authority to sign. Further proof of authority is
36 not required even though the association is named as grantee in the
37 conveyance.

38 (e) At any time before the association has conveyed a unit in a
39 cooperative or entered into a contract for its conveyance under the
40 power of sale, the unit owners or the holder of any subordinate

1 security interest may cure the unit owner's default and prevent sale
2 or other conveyance by tendering the performance due under the
3 security agreement, including any amounts due because of exercise of
4 a right to accelerate, plus the reasonable expenses of proceeding to
5 foreclosure incurred to the time of tender, including reasonable
6 attorneys' fees and costs of the creditor.

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

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

26 (17) In addition to constituting a lien on the unit, each
27 assessment is the joint and several obligation of the unit owner of
28 the unit to which the same are assessed as of the time the assessment
29 is due. A unit owner may not exempt himself or herself from liability
30 for assessments. In a voluntary conveyance other than by foreclosure,
31 the grantee of a unit is jointly and severally liable with the
32 grantor for all unpaid assessments against the grantor up to the time
33 of the grantor's conveyance, without prejudice to the grantee's right
34 to recover from the grantor the amounts paid by the grantee. Suit to
35 recover a personal judgment for any delinquent assessment is
36 maintainable in any court of competent jurisdiction without
37 foreclosing or waiving the lien securing such sums.

38 (18) The association may from time to time establish reasonable
39 late charges and a rate of interest to be charged, not to exceed the
40 maximum rate calculated under RCW 19.52.020, on all subsequent

1 delinquent assessments or installments of assessments. If the
2 association does not establish such a rate, delinquent assessments
3 bear interest from the date of delinquency at the maximum rate
4 calculated under RCW 19.52.020 on the date on which the assessments
5 became delinquent.

6 (19) The association is entitled to recover any costs and
7 reasonable attorneys' fees incurred in connection with the collection
8 of delinquent assessments, whether or not such collection activities
9 result in a suit being commenced or prosecuted to judgment. The
10 prevailing party is also entitled to recover costs and reasonable
11 attorneys' fees in such suits, including any appeals, if it prevails
12 on appeal and in the enforcement of a judgment.

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

16 (21)(a) When the association mails to the unit owner by first-
17 class mail the first notice of delinquency for past due assessments
18 to the unit address and to any other address that the owner has
19 provided to the association, the association shall include a first
20 preforeclosure notice that states as follows:

21 **THIS IS A NOTICE OF DELINQUENCY FOR PAST DUE ASSESSMENTS**
22 **FROM THE UNIT OWNERS ASSOCIATION TO WHICH YOUR HOME BELONGS.**
23 **THIS NOTICE IS ONE STEP IN A PROCESS THAT COULD RESULT IN YOUR LOSING**
24 **YOUR HOME.**
25 **CONTACT A HOUSING COUNSELOR OR AN ATTORNEY LICENSED IN WASHINGTON NOW**
26 **to assess your situation and refer you to mediation if you might**
27 **benefit. DO NOT DELAY.**
28 **BE CAREFUL** of people who claim they can help you. There are many
29 **individuals and businesses that prey upon borrowers in distress.**
30 **REFER TO THE CONTACTS BELOW** for sources of assistance.

31 **SEEKING ASSISTANCE**

32 Housing counselors and legal assistance may be available at
33 little or no cost to you. If you would like assistance in determining
34 your rights and opportunities to keep your house, you may contact the
35 following:

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

38 Telephone: Website:

39 The United States Department of Housing and Urban Development

1 Telephone: Website:

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

4 Telephone: Website:

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

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

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

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

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

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

28 (ii) ((~~\$200~~)) \$2,000 of assessments, not including fines, late
29 charges, interest, attorneys' fees, or costs incurred by the
30 association in connection with the collection of a delinquent owner's
31 account;

32 (b) At or after the date that assessments have become past due
33 for at least 90 days, but no sooner than 60 days after the first
34 preforeclosure notice required in subsection (21)(a) of this section
35 is mailed, the association has mailed, by first-class mail, to the
36 owner, at the unit address and to any other address which the owner
37 has provided to the association, a second notice of delinquency,
38 which ((~~shall state as follows:~~

39 **~~THIS IS A NOTICE OF DELINQUENCY FOR PAST DUE ASSESSMENTS~~**

1 ~~FROM THE UNIT OWNERS' ASSOCIATION TO WHICH YOUR HOME BELONGS.~~
2 ~~THIS NOTICE IS ONE STEP IN A PROCESS THAT COULD RESULT IN YOUR LOSING~~
3 ~~YOUR HOME.~~

4 ~~CONTACT A HOUSING COUNSELOR OR AN ATTORNEY LICENSED IN WASHINGTON NOW~~
5 ~~to assess your situation and refer you to mediation if you might~~
6 ~~benefit. DO NOT DELAY.~~

7 ~~BE CAREFUL~~ of people who claim they can help you. There are many
8 individuals and businesses that prey upon borrowers in distress.
9 ~~REFER TO THE CONTACTS BELOW~~ for sources of assistance.

10 **SEEKING ASSISTANCE**

11 Housing counselors and legal assistance may be available at
12 little or no cost to you. If you would like assistance in determining
13 your rights and opportunities to keep your house, you may contact the
14 following:

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

17 Telephone: Website:

18 The United States Department of Housing and Urban Development

19 Telephone: Website:

20 The statewide civil legal aid hotline for assistance and
21 referrals to other housing counselors and attorneys

22 Telephone: Website:

23 The association shall obtain the toll-free numbers and website
24 information from the department of commerce for inclusion in the
25 notice)) must include a second preforeclosure notice that contains
26 the same information as the first preforeclosure notice provided to
27 the owner pursuant to subsection (21)(a) of this section. The second
28 preforeclosure notice may not be mailed sooner than 60 days after the
29 first preforeclosure notice required in subsection (21)(a) of this
30 section is mailed;

31 (c) At least 180 days have elapsed from the date the minimum
32 amount required in (a) of this subsection has accrued; and

33 (d) The board approves commencement of a foreclosure action
34 specifically against that unit.

35 ((22)) (23) Every aspect of a collection, foreclosure, sale, or
36 other conveyance under this section, including the method,
37 advertising, time, date, place, and terms, must be commercially
38 reasonable.

1 **Sec. 8.** RCW 64.90.485 and 2021 c 222 s 2 are each amended to
2 read as follows:

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

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

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

11 (b) Except as otherwise provided in subsection (3) of this
12 section, a security interest on the unit recorded before the date on
13 which the unpaid assessment became due or, in a cooperative, a
14 security interest encumbering only the unit owner's interest and
15 perfected before the date on which the unpaid assessment became due;
16 and

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

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

22 (i) The common expense assessments, excluding any amounts for
23 capital improvements, based on the periodic budget adopted by the
24 association pursuant to RCW 64.90.480(1), along with any specially
25 allocated assessments that are properly assessable against the unit
26 under such periodic budget, which would have become due in the
27 absence of acceleration during the six months immediately preceding
28 the institution of proceedings to foreclose either the association's
29 lien or a security interest described in subsection (2)(b) of this
30 section;

31 (ii) The association's actual costs and reasonable attorneys'
32 fees incurred in foreclosing its lien but incurred after the giving
33 of the notice described in (a)(iii) of this subsection; provided,
34 however, that the costs and reasonable attorneys' fees that will have
35 priority under this subsection (3)(a)(ii) shall not exceed (~~two~~
36 ~~thousand dollars~~) \$2,000 or an amount equal to the amounts described
37 in (a)(i) of this subsection, whichever is less;

38 (iii) The amounts described in (a)(ii) of this subsection shall
39 be prior only to the security interest of the holder of a security
40 interest on the unit recorded before the date on which the unpaid

1 assessment became due and only if the association has given that
2 holder not less than ((~~sixty~~)) 60 days' prior written notice that the
3 owner of the unit is in default in payment of an assessment. The
4 notice shall contain:

5 (A) Name of the borrower;

6 (B) Recording date of the trust deed or mortgage;

7 (C) Recording information;

8 (D) Name of condominium, unit owner, and unit designation stated
9 in the declaration or applicable supplemental declaration;

10 (E) Amount of unpaid assessment; and

11 (F) A statement that failure to, within ((~~sixty~~)) 60 days of the
12 written notice, submit the association payment of six months of
13 assessments as described in (a)(i) of this subsection will result in
14 the priority of the amounts described in (a)(ii) of this subsection;
15 and

16 (iv) Upon payment of the amounts described in (a)(i) and (ii) of
17 this subsection by the holder of a security interest, the
18 association's lien described in this subsection (3)(a) shall
19 thereafter be fully subordinated to the lien of such holder's
20 security interest on the unit.

21 (b) For the purposes of this subsection:

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

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

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

28 (C) The date of recording of a notice of intention to forfeit in
29 a real estate contract forfeiture proceeding by the vendor under a
30 real estate contract.

31 (ii) "Capital improvements" does not include making, in the
32 ordinary course of management, repairs to common elements or
33 replacements of the common elements with substantially similar items,
34 subject to: (A) Availability of materials and products, (B)
35 prevailing law, or (C) sound engineering and construction standards
36 then prevailing.

37 (c) The adoption of a periodic budget that purports to allocate
38 to a unit any fines, late charges, interest, attorneys' fees and
39 costs incurred for services unrelated to the foreclosure of the
40 association's lien, other collection charges, or specially allocated

1 assessments assessed under RCW 64.90.480 (6) or (7) does not cause
2 any such items to be included in the priority amount affecting such
3 unit.

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

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

10 (6) If the association forecloses its lien under this section
11 nonjudicially pursuant to chapter 61.24 RCW, as provided under
12 subsection (13) of this section, the association is not entitled to
13 the lien priority provided for under subsection (3) of this section,
14 and is subject to the limitations on deficiency judgments as provided
15 in chapter 61.24 RCW.

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

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

25 (9) A lien for unpaid assessments and the personal liability for
26 payment of those assessments are extinguished unless proceedings to
27 enforce the lien or collect the debt are instituted within six years
28 after the full amount of the assessments sought to be recovered
29 becomes due.

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

34 (11) The association upon written request must furnish to a unit
35 owner or a mortgagee a statement signed by an officer or authorized
36 agent of the association setting forth the amount of unpaid
37 assessments or the priority amount against that unit, or both. The
38 statement must be furnished within (~~fifteen~~) 15 days after receipt
39 of the request and is binding on the association, the board, and
40 every unit owner unless, and to the extent, known by the recipient to

1 be false. The liability of a recipient who reasonably relies upon the
2 statement must not exceed the amount set forth in any statement
3 furnished pursuant to this section or RCW 64.90.640(1)(b).

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

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

10 (a) In a common interest community other than a cooperative, the
11 association's lien may be foreclosed judicially in accordance with
12 chapter 61.12 RCW, subject to any rights of redemption under chapter
13 6.23 RCW.

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

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

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

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

38 (a) The association, upon nonpayment of assessments and
39 compliance with this subsection, may sell that unit at a public sale
40 or by private negotiation, and at any time and place. The association

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

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

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

20 (i) The reasonable expenses of sale;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

25 (21) (a) When the association mails to the unit owner by first-
26 class mail the first notice of delinquency for past due assessments
27 to the unit address and to any other address that the owner has
28 provided to the association, the association shall include a first
29 preforeclosure notice that states as follows:

30 **THIS IS A NOTICE OF DELINQUENCY FOR PAST DUE ASSESSMENTS**
31 **FROM THE UNIT OWNERS ASSOCIATION TO WHICH YOUR HOME BELONGS.**
32 **THIS NOTICE IS ONE STEP IN A PROCESS THAT COULD RESULT IN YOUR LOSING**
33 **YOUR HOME.**
34 **CONTACT A HOUSING COUNSELOR OR AN ATTORNEY LICENSED IN WASHINGTON NOW**
35 **to assess your situation and refer you to mediation if you might**
36 **benefit. DO NOT DELAY.**
37 **BE CAREFUL** of people who claim they can help you. There are many
38 **individuals and businesses that prey upon borrowers in distress.**
39 **REFER TO THE CONTACTS BELOW** for sources of assistance.

SEEKING ASSISTANCE

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

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

Telephone: Website:

The United States Department of Housing and Urban Development

Telephone: Website:

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

Telephone: Website:

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

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

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

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

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

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

(ii) (~~\$200~~) \$2,000 of assessments, not including fines, late charges, interest, attorneys' fees, or costs incurred by the

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

3 (b) At or after the date that assessments have become past due
4 for at least 90 days, but no sooner than 60 days after the first
5 preforeclosure notice required in subsection (21)(a) of this section
6 is mailed, the association has mailed, by first-class mail, to the
7 owner, at the unit address and to any other address which the owner
8 has provided to the association, a second notice of delinquency,
9 which ((shall state as follows:

10 ~~THIS IS A NOTICE OF DELINQUENCY FOR PAST DUE ASSESSMENTS~~
11 ~~FROM THE UNIT OWNERS' ASSOCIATION TO WHICH YOUR HOME BELONGS.~~
12 ~~THIS NOTICE IS ONE STEP IN A PROCESS THAT COULD RESULT IN YOUR LOSING~~
13 ~~YOUR HOME.~~
14 ~~CONTACT A HOUSING COUNSELOR OR AN ATTORNEY LICENSED IN WASHINGTON NOW~~
15 ~~to assess your situation and refer you to mediation if you might~~
16 ~~benefit. DO NOT DELAY.~~
17 ~~BE CAREFUL~~ of people who claim they can help you. There are many
18 individuals and businesses that prey upon borrowers in distress.
19 ~~REFER TO THE CONTACTS BELOW~~ for sources of assistance.

20 **SEEKING ASSISTANCE**

21 Housing counselors and legal assistance may be available at
22 little or no cost to you. If you would like assistance in determining
23 your rights and opportunities to keep your house, you may contact the
24 following:

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

27 Telephone: Website:

28 The United States Department of Housing and Urban Development

29 Telephone: Website:

30 The statewide civil legal aid hotline for assistance and
31 referrals to other housing counselors and attorneys

32 Telephone: Website:

33 The association shall obtain the toll-free numbers and website
34 information from the department of commerce for inclusion in the
35 notice)) must include a second preforeclosure notice that contains
36 the same information as the first preforeclosure notice provided to
37 the owner pursuant to subsection (21)(a) of this section. The second
38 preforeclosure notice may not be mailed sooner than 60 days after the

1 first preforeclosure notice required in subsection (21)(a) of this
2 section is mailed;

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

5 (d) The board approves commencement of a foreclosure action
6 specifically against that unit.

7 ~~((22))~~ (23) Every aspect of a collection, foreclosure, sale, or
8 other conveyance under this section, including the method,
9 advertising, time, date, place, and terms, must be commercially
10 reasonable.

11 **Sec. 9.** 2021 c 222 s 9 (uncodified) is amended to read as
12 follows:

13 Sections 1, 3, 5, and 7 of this act expire January 1, ~~((2024))~~
14 2025.

15 **Sec. 10.** 2021 c 222 s 10 (uncodified) is amended to read as
16 follows:

17 Sections 2, 4, 6, and 8 of this act take effect January 1,
18 ~~((2024))~~ 2025.

19 NEW SECTION. **Sec. 11.** Sections 1, 3, 5, and 7 of this act
20 expire January 1, 2025.

21 NEW SECTION. **Sec. 12.** Sections 2, 4, 6, and 8 of this act take
22 effect January 1, 2025."

EHB 1636 - S COMM AMD
By Committee on Law & Justice

23 On page 1, line 2 of the title, after "communities;" strike the
24 remainder of the title and insert "amending RCW 64.32.200, 64.32.200,
25 64.34.364, 64.34.364, 64.38.100, 64.38.100, 64.90.485, and 64.90.485;
26 amending 2021 c 222 ss 9 and 10 (uncodified); providing an effective
27 date; and providing an expiration date."

EFFECT: Increases the threshold of unpaid assessments from \$200
to \$2,000 that a unit owner must owe before a common interest

community association may bring an action to foreclose a lien on a unit.

--- END ---