



## 2016 End of Session Report

Ombudsman: [HB 2423](#) and SB 6212 would create an Office of the Homeowners' Association Ombuds within the Office of the Attorney General to resolve disputes and inform members, directors, and other interested parties of their legal rights and responsibilities concerning homeowners' associations. The LAC was concerned with several provisions of the bill, and opposed the legislation. The measures died upon adjournment.

Tax exemption: [HB 2594](#) would exempt homeowners' association charges paid by members for the use of amenities, common areas, facilities, or other entities from the sales and use tax. The LAC supported the measure, but it died upon adjournment.

Update to the Uniform Act: [SB 5263](#) was introduced by request of the Uniform Law Commission and is a result of a 2007 legislative taskforce that found that there were substantial defects in the HOA act and bar association work for eight years. There have been constituent complaints about the HOA act. The bill was crafted to address many of those problems. The bill is based on a uniform act but modernized to make it appropriate for Washington. The bill expands consumer protection to planned communities by requiring a public offering statement or resale certificate so the purchasers received all the documents, and understand the financial situation, and the rules and regulations. The bill provides relief to ambiguities and technical inadequacy in the statute and embraces the modern arena by allowing electronic transmission of documents. The LAC ultimately was neutral on the legislation, as it argued implied warranties of quality should apply to all residential common interest units. The super priority lien should be extended to 12 months. The presale disclosures need to be strengthened. These changes further the owners' interests and affordable housing.

Construction defects: [SB 5961](#) provides a homeowner must allow a construction professional to inspect the construction defect before rejecting a settlement proposal or before filing a lawsuit. If a homeowner does not comply with the statutory requirements prior to filing a lawsuit, the lawsuit is dismissed without prejudice and will not be recommenced until the requirements have been complied with. The LAC opposed the measure as the current statute is working as designed and provides everyone with clear, understandable procedures. The existing process allows for a cooling-off period that increases the chances of settlement.

Reserve studies: [SB 6616](#) provides a special assessment may not be used for any purpose other than the purpose disclosed at the time of imposition, or before imposition of the special assessment for items noted in a reserve study.

Further, before hiring a reserve study professional, the board of directors must obtain three competing bids. The LAC was opposed to the bill.