



FAQ'S ABOUT WUCIOA, OR THE WASHINGTON STATE "NEWER" ACT

Please define what WUCIOA is:

WUCIOA stands for Washington State Uniform Common Interest Ownership Act. This new act will govern ALL new common interest communities, condominiums, homeowner's associations, planned communities, mixed-use associations and cooperatives.

It's date of scheduled effect is JULY 1, 2018.

Can WUCIOA affect my association?

Yes and no. If your association was created prior to July 1, 2018, most of this new act will not apply to your association, unless you decide to opt-in.

There is however one exception to the above and that is found in Section 326. Section 326 shall apply to ALL community associations even those created prior to July 1, 2018. Section 326 of this "newer" act requires that the budget for EVERY community be ratified by the membership each year.

Definition of Section 326 and its affect:

Under the "newer" act, WUCIOA, a budget ratification process would look as presented below:

- A proposed budget is adopted by the Board of Directors for the Association. Within 30 days of the adoption, the Board must provide copies of the budget to members of the Association with a summary of the budget.
- A meeting is set by the Board between 14 and 50 days after providing the budget to community members.
- The members have an opportunity at the budget meeting to vote to reject the budget.
- Unless a majority of the votes, defined as the total number of votes of the entire community, not just the votes of the members present at the meeting – reject the budget, the budget is ratified, even if there is no quorum. **This will require a special vote of the membership separate from voting at an annual meeting.
- If the budget is rejected by the membership, or if notice was not provided, the last budget to be either ratified or board approved (old act) remains in effect until a new budget is ratified by the membership.

Additionally, Section 326 sets very specific requirements that will add information to be included with the budget summary. Included under the act are the following:

- ✓ Projected income
- ✓ Projected common expenses
- ✓ Amount of assessment per unit
- ✓ Dates each assessment are due
- ✓ Current amount of regular assessments budgeted for contribution to the reserve account

- ✓ Current balance of the reserve funding PER UNIT

The budget must contain a statement whether the Association has a reserve study that meets the WUCIOA requirement, and how close the budget is to meeting the recommendations of the reserve study.

There is an opt-in option contained within the WUCIOA legislation:

Common interest communities will have the option to choose to adopt WUCIOA. The Act provides a process to do this by way of an amendment. There are four steps to this process.

1. An amendment shall be proposed to the community. The amendment can be proposed by either the Board of Directors OR owners holding at least 20% or more of the votes in the association make such request in writing to the Board.
2. The Board shall prepare an amendment and must provide a notice to the members of the community with a copy of the proposed amendment at least 30 days prior to calling a meeting to discuss the proposed amendment.
3. After the meeting, the Board shall provide the owners with a notice containing the final proposed amendment and a ballot to approve or reject the amendment.
4. The amendment “shall be deemed approved” if owners holding at least 30% of the votes in the Association participate in the voting process; AND at least 67% of the votes cast by participating owners are in favor of the proposed amendment. (67% of 30%)

Is there any reason we should adopt the “Newer Act”?

This needs to be discussed between the Board and its attorney. There are some elements that COULD prove valuable to an association. Among them WUCIOA:

- Gives the super-priority lien to all associations
- Allows the association to collect up to six years unpaid assessments (currently 3 years)
- Defines what records are those of the Association and how long to retain
- Lists records that may be withheld from the membership.
- Provides that the Board may meet in Executive session and provides a list of topics that can be discussed in that session
- Allows meeting by conference call provided owners can join in to listen
- Provides that the Board may expel an owner who is disruptive at a meeting (after first issuing a warning)
- Allows for notice by electronic consent