



# Duties and Roles of the Board

What are the responsibilities and roles of an association board?



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## *Boards Vary...* **Responsibilities & Duties** **of Boards Do Not**

Below you will find an overview of duties and responsibilities for typical board positions.

**Note:** *Vice President varies so greatly it would be impossible to produce a set of duties for a VP and thus is not included below. Generally, those duties*

*are specifically described in your governing documents.*

## Free Member Resources:

- Access "**An Essential Guide For Homeowner Leaders**" by clicking here. (<https://drive.google.com/file/d/1N8ohelsAlMaPFjs4gaUTqxLVPv65YkAE/view?usp=sharing>)
- Access "**Types of Community Association Meetings Guide**" by clicking here. ([https://drive.google.com/file/d/16pnF60Exp\\_95wWqmMYnpGn7EMnZWoSfV/view?](https://drive.google.com/file/d/16pnF60Exp_95wWqmMYnpGn7EMnZWoSfV/view?usp=sharing))

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- Access "**Diverse & Inclusive Communities Guide**" by clicking here.  
(<https://drive.google.com/file/d/1twTVol5VbNgURY8wOcArq3oq0-1T34zg/view?usp=sharing>)
- Access "**Board Member Code of Ethics**" by clicking here.  
([https://drive.google.com/file/d/1R6Ksi\\_dNsKgS1WBsgolXyoWQnxFnj2Dt/view?usp=sharing](https://drive.google.com/file/d/1R6Ksi_dNsKgS1WBsgolXyoWQnxFnj2Dt/view?usp=sharing))

## Learn More About Each of These Roles:

### President

#### **President**

Community association presidents are required to *fulfill many roles*, but the primary roles are **leader** and **manager**. Different situations will determine which role the association president assumes. Sometimes the president must set aside other roles, such as neighbor or friend, to accomplish a task or make a decision.

Association presidents gain their authority to lead a community association from state law—generally called the Common Interest Ownership Act. The president should have a basic understanding of the law pertaining to community associations, as well as the association's governing documents—the declaration (also called Covenants, Conditions, and Restrictions—CC&Rs), bylaws (which address the association's structure, the board, the officers, definition of a quo-rum, ability to enter into contracts, etc.), and the rules and regulations (the operational and behavioral laws that apply to association residents). Therefore, presidents must perceive the association as both a community and a business, as well as operate on the democratic principles of government. (CAI)

#### **Main Duties:**

1. Oversee Operations (in tandem with Professional Community Manager if community has one).
2. Speak on behalf of the board and association as needed.
3. Seek knowledge, connect with others, learn on the job, and find classes to better your position as president and in turn better your community.
4. Work with volunteers, either on the board or off, all presidents have a responsibility to work hand-in-hand with all community members for the betterment of the community.
5. Be the decider, the mover, and voice of reason... while it might not be fair, board presidents must be the neutral party that leads discussions, moves discussions along, and enforces the rules.

6. Protect community assets, either tangible or intangible. As president you are the safeguard to all community assets. Employees can be assets just as pools, community rooms, and playgrounds can be assets. It is the president's responsibility to act in the interest and protection of all community assets.
7. Discharge fiduciary responsibility at all times. As the voice of reason, be a proactive and engaged president by remembering all decisions should include the discharge of your fiduciary responsibility.

## 🔴 Secretary

### **Secretary**

The association secretary is responsible for preserving the association's history, maintaining its records, and protecting it from liability. The secretary should be efficient, well organized, and have a commitment to the future of the association. Associations with a professional manager can ask the manager to perform some of the secretarial tasks. A secretary records minutes for all meetings, not some, but all meetings in which an action can be taken. Note, this does not mean you can skip minutes if no actions are taken.

Tip: If an action "can" be taken, take minutes.

### ***Main Duties:***

1. Sets guidelines for recording minutes, with input from the board.
2. Use standard language and formatting to allow for easy digestion and readability by all community members.
3. Post/Announce all official and unofficial meetings by any board, committee, or task force. It is incumbent upon the secretary to follow any law that requires of the publication or announcement of an official meeting.
4. Maintain all official association records. Not some, but all records. Even financial copies from the treasurer should be kept by the secretary as the official record.
5. If a witness is required for any document signing, such as checks, agreements, etc. this would be the secretary's responsibility.
6. Maintain all official lists, such as mailing or communication lists.
7. Verify voting proxies as permitted or required in the governing documents.
8. Files forms with state agencies as required.

## 🔴 Treasurer

The association treasurer is responsible for maintaining the finances and ensuring the financial stability of the association. He or she is the financial voice of the board and liaison to auditors, CPAs, brokers, agents, and bankers. This includes a number of duties and responsibilities.

Tip: A Treasurer should be good with financial reports. It is important for at least 1 board member to have some knowledge in reading financial reports.

### **Main Duties**

1. Prepares budget with accountant, community manager, or other board members with community input.
2. Responsible for association accounts, all accounts, savings, checking, investment, reserve study, insurance, collections... all accounts.
3. Report to the board, it is essential that Treasurers, not accountants or community managers, make an official report to the board. This can be done with input and help from professionals, but the elected board treasurer should be providing official statements to the board. Not required, but recommended.
4. Oversee Reserve Study program (reserve studies are required by Washington State Law!)
5. Recommend professional services, such as a CPA, bookkeeper, or reserve study specialist to the board.
6. Oversee audit, either internally or externally, with a professional accounting firm, or a smaller scale audit with a professional.
7. Maintain records related to all accounts, such as insurance and financials and produce official copies for Secretary to keep on record.
8. Seek funding and other opportunities related to income and expenses.

### **🚫 Board Member**

#### **Board Member**

Being a regular board member, meaning you are not an elected board officer, such as president or treasurer, you have a unique opportunity to provide your own thoughts and speak for your community members. While a regular board member may not have specific duties, the input and position on the board serves as a checks-and-balance on the overall board. A regular board members serve as check on authority and professional staff. Think of it this way, if a board president has a vision to radically change a community, the normal board members will serve as a check on the authority of the president to make those changes.

Tip: This position has the ability to hold officers/hired professionals in check and should consistently encourage high ethics, transparent decision making, and an abundance of caution in the decision making process.

### **Main Duties**

1. Review all official reports, documents, agreements, resolutions, and findings provided to the board.
2. Speak on behalf of community members.
3. Attend all meetings of the board.
4. Submit feedback on proposed changes.
5. Discharge fiduciary responsibility by actively engaging other board members and reviewing all presented material before the board.
6. Actively promote and enforce the governing documents.
7. Ensure all community members have a voice by providing meeting time for public discussion and feedback.

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# The Role of the President

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Association presidents gain their authority to lead a community association from state law—generally called the Common Interest Ownership Act. The president should have a basic understanding of the law pertaining to community associations, as well as the association’s governing documents—the declaration (also called Covenants, Conditions, and Restrictions—CC&Rs), bylaws (which address the association’s structure, the board, the officers, definition of a quorum, ability to enter into contracts, etc.), and the rules and regulations (the operational and behavioral laws that apply to association residents). Therefore, presidents must perceive the association as both a community and a business, as well as operate on the democratic principles of government.

## **OVERSEE OPERATIONS**

Association presidents oversee rule and policy development and enforcement, conduct meetings, prepare agendas, and work with committees.

## **SPEAK FOR THE BOARD AND ASSOCIATION**

The president is the official spokesperson for the board—to association members, the community manager (or management company), vendors, the press, and the greater community.

## **SEEK KNOWLEDGE**

Learning how to be president of a community association generally comes from on-the-job training. However, educational resources for association volunteers are available in books, seminars, periodicals, and networking offered by groups that serve common-interest communities, such as Community Associations Institute and its chapters.

## **WORK WITH VOLUNTEERS**

The president is the *leader of the board*, a body that typically includes:

- The vice president—who substitutes for the president in his or her absence (Some articles of incorporation do not require an association to have a vice president.)
- The secretary—the official keeper of the association’s official documents, books and records.
- The treasurer—the chief financial officer of the association

It’s in the president’s best interest to encourage the officers’ participation in association affairs and to develop their skills as team members. The president should also attempt to identify and train potential association leaders, encourage them to join the board, and orient them to their new responsibilities.

**TOOL 3.1:** *Use the New Board Member Orientation Checklist at the end of this section to plan your orientation.*



## **WORK WITH PROFESSIONALS**

Many associations employ either a community management company or a professional manager who directs association operations based on policy set by the board. The president is the liaison between the manager and the association.

Seeking the services of an attorney, accountant, architect, insurance or other professional is in the best interests of the association. Experts provide information and expertise that board members don't normally have. For example:

- Reviewing legal contracts requires advice from an attorney.
- Managing reserve funds requires guidance from an accountant or investment advisor.

## **PROTECT THE ASSETS**

Board members have a fiduciary obligation to protect the community association by:

- Preparing and adhering to an association budget (with the assistance of the professional manager) that reflects the best interests of the community.
- Adequately funding reserve accounts and educating homeowners about the value and purpose of a reserve fund.
- Collecting assessments from homeowners.
- Seeking the advice of a certified insurance specialist, and protecting the association with appropriate levels of insurance coverage.

The position of association president is not for everyone, but fortunately every president has a board from which he or she can draw support. As long as the members recognize the importance of the community that unifies them, the role of president can be very satisfying.



## Cautions

*Boards should understand that the president's power—or authority—is no more and no less than the other board members.*

*Working cooperatively with the board is essential to the success of the association. Heavy-handed or independent action by a president can put the entire association at risk.*

*Presidents must educate themselves on the nature and scope of their obligations. Well intentioned but uninformed actions by a president can threaten a community's economic and social stability.*

*The president must adhere to and enforce rules. Arbitrary or inconsistent application of rules weakens the association's ability to enforce them.*

*The president must assure that rules are enforced uniformly, and assure that other directors are acting within the boundaries of appropriate policies.*



## FOR MORE HELP

**Available online at [www.caionline.org/shop](http://www.caionline.org/shop) or call (888) 224-4321 (M–F, 9–6:30 ET).**

*The Board President: Roles and Responsibilities in Community Associations. A Guide for Association Practitioners,* by Robert T. Dennistown (CAI Press, 2005.)

*Community Association Leadership: A Guide for Volunteers.* (CAI Press, 2005.)

**To download a PDF of the entire Board Member Tool Kit, go to [www.caionline.org/members/pages/toolkit.aspx](http://www.caionline.org/members/pages/toolkit.aspx).**

## New Board Member Orientation Checklist

- Schedule orientation before the member's first board meeting.
- Provide a roster of key association contacts (leaders, managers, vendors, etc.).
- Explain important relationships between the board and the manager, vendors, employees, attorney, etc.
- Provide and explain association governing documents.
- Provide meeting minutes and financial reports for the previous six months.
- Explain the function and current projects of each committee.
- Explain the goals of the board and how the board functions.
- Emphasize the importance of participating with and supporting the board.
- Encourage the new board member to attend board member education seminars run by your local CAI chapter or take a free course online at [www.caionline.org/events/boardmembers/pages/default.aspx](http://www.caionline.org/events/boardmembers/pages/default.aspx).





# The Importance of Meetings

**A**n association is a business that must conduct meetings of its “shareholders”—the owners or their elected representatives. Community associations conduct several types of meetings, each addressing a particular need.

## **BOARD MEETINGS**

Board meetings must be productive, orderly, free of disruptions, and open to members and residents unless an executive session is convened. (The board should only convene in executive sessions to discuss pending litigation, personnel issues, or contract negotiations.) The primary purpose of board meetings is to:

- Set policy.
- Review operations.
- Resolve disputes.
- Listen to residents.
- Plan for the future.
- Vote on business discussed in executive session.

**TOOL 8.1:** Use the *Sample Meeting Agenda* located at the end of this section as a guide for organizing your own meeting.

## **ANNUAL MEETINGS**

The primary purpose of annual membership meetings is to:

- Present the annual budget to members.
- Elect directors.
- Deliver committee reports to members.
- Build community by bringing neighbors together.

## **SPECIAL MEETINGS**

Special meetings (sometimes called town meetings) are used to:

- Focus on one particular item of concern or interest.
- Present sensitive or controversial matters to residents.
- Garner support for large projects or clarify unpopular decisions.
- Provide a structured venue in which residents can explore issues and express opinions.
- Get resident feedback before the board takes action.
- Reach consensus or resolve an issue.
- Gain valuable insights into the character and values of the community.

## **PARLIAMENTARY PROCEDURE**

Parliamentary procedure is a tool for conducting meetings. It can be as formal or basic as the association wishes, as long as it provides sufficient structure to keep a meeting orderly, fair, and productive. The advantages of using parliamentary procedure include:

- Staying on the agenda.
- Discussing one subject at a time.
- Giving each participant a chance to speak.
- Speaking only on the issue being discussed.
- Speaking only when recognized by the chair.
- Addressing questions and comments to the chair.
- Deciding issues through motions, seconds, and votes.

## MEETING REQUIREMENTS

Associations must meet several important criteria before business can be transacted at a meeting; specifically the association must:

**Notify members.** The law requires community associations to notify members of meetings—especially annual meetings. Keep notices brief, focused, and simple; issue them at the appropriate time in the proper manner.

**Achieve a quorum.** Each association’s governing documents or state law specify how many members constitute a quorum—and it varies from one association to the next. Ensure that a quorum is present before calling any meeting to order.

**Record actions taken—minutes.** Minutes are the official record of decisions made at an association board or committee meeting. Good meeting minutes will include:

- Type of meeting: board, committee, regular, special
- Association name
- Time, date, and place
- Attendees’ names
- Approval or correction of the previous minutes
- Officer and committee reports
- Motions and their outcomes—approved, denied, or tabled
- Adjournment time
- Secretary’s signature

**TOOL 8.2:** *Use the Sample Minutes at the end of this section to guide you in taking minutes. Not every word of every discussion need be recorded.*

## Cautions

Association governing documents or state regulations may specify the means or timing for giving notice of meetings. In some states, “sunshine” laws place specific requirements on how and when you should announce meetings. It’s important to follow these laws so that the business conducted at the meeting is valid and binding.

Convening an executive session to discuss an unpopular subject or to avoid confrontation is not only illegal, but it promotes dissension in a community. It’s important that boards don’t convey the impression that they’re hiding something, advancing hidden agendas, or conducting secret meetings.

Check your state’s laws; meetings are usually highly regulated regarding timing, notice, quorum, etc.

## FOR MORE HELP

**Available online at [www.caionline.org/shop](http://www.caionline.org/shop) or call (888) 224-4321 (M–F, 9–6:30 ET).**

*Meetings & Elections: How Community Associations Exercise Democracy. A Guide for Association Practitioners*, by P. Michael Nagle. (CAI Press, 2005.)

*Conducting Meetings: A Guide to Running Productive Community Association Board Meetings*, 2nd Edition. (CAI Press, 2005.)

*The ABCs of Parliamentary Procedure*. (Channing Bete, 2004.)

**To download a PDF of the entire Board Member Tool Kit, go to [www.caionline.org/members/pages/toolkit.aspx](http://www.caionline.org/members/pages/toolkit.aspx).**



# Sample Meeting Agenda

## BOARD OF DIRECTORS MEETING AGENDA

Association \_\_\_\_\_

Date \_\_\_\_\_

<b>Schedule</b>	<b>Discussion</b>
6:00	I. Call to Order
6:00–6:30	II. Homeowner Forum
6:30–6:35	III. Reading and Vote to Approve Previous Meeting Minutes
6:35	IV. Agenda Changes/Approval
6:35–7:00	V. Manager’s Report
7:00–7:15	VI. Directors’ Reports
7:15–7:30	VII. Committee Reports
7:30–7:45	VIII. Correspondence for Review
7:45–8:00	IX. Unfinished Business
8:00–8:15	X. New Business
8:15	XI. Adjourn
	Next Meeting: _____

# Sample Board Meeting Minutes

## MINUTES OF THE [NAME] ASSOCIATION BOARD MEETING

**Date and Time:** Pursuant to Article [number], Section [number] of the [name] Association, a regular meeting of the board was held on [date], at [time] at [location].

**Officers and Quorum:** Present: President, Mr. A; Secretary, Mrs. P; Directors Mrs. S, Mrs. B, and Mrs. C. Absent: Treasurer, Mr. F. Quorum requirements were met. The president, Mr. A, called the meeting to order at [time].

**Minutes:** The minutes of the [date] meeting were distributed to all board members and committee chairs one week before the meeting. The following corrections were made:

Page 1, Paragraph 3: change "lien" to "line"

Page 7, Paragraph 4: substitute "review" for "report"

There being no other corrections or additions, Mr. B made a motion to accept the minutes as corrected. The motion was seconded by Mr. F and approved unanimously.

**Financial Information:** The treasurer asked if there were any questions relating to the annual audit that had been distributed with the agenda. He noted that Resolution 8 provided that copies be made available to all members who submitted a written request for the audit.

**Manager's Report:** The board had no questions regarding the manager's written report that was furnished with the agenda (attached).

**Unfinished Business:** A motion was made by Mrs. B and seconded by Mr. F to adopt proposed Resolution 308 (attached) regarding insurance coverage. The motion was approved unanimously. A motion was made by Mr. F and seconded by Mrs. C to table discussion of new playground equipment until all board members were present. The motion was approved unanimously.

**New Business:** A motion was made by Mrs. C and seconded by Mrs. B that the directors attending the CAI conference be reimbursed for the cost of parking at the airport, pursuant to the existing policy of the board on reimbursement for educational events. The motion was approved. Mr. F voted against the motion.

**Adjournment:** There being no other business, a motion was made, seconded, and unanimously approved to adjourn the meeting at [time].

**Respectfully submitted:**

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Mrs. P, Secretary

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Date

# Association Budgeting

## The Basics



As a board member, one of your most important responsibilities is managing the association's finances. As a fiduciary of the corporation, you must protect assets, budget responsibly, plan for the future and invest wisely, and observe all laws and regulations affecting the association's resources. Association managers and accountants can assist you in each of these areas.

As a fiduciary of the corporation, you must protect assets, budget responsibly, plan for the future and invest wisely,

### Free Member Resources:

- Access "**What Does My Assessment Fee Cover**" by Clicking Here (<https://drive.google.com/file/d/1wYxJdAKvSDHr-WgvTLQljqm3lm8rfyX2/view?usp=sharing>)
- Access "**Best Practices: Financial Operations**" by Clicking Here (<https://drive.google.com/file/d/1KvSKlgdXklxN63XqjOrCc9wQRKOlWPnP/view?usp=sharing>)
- Access "**Preventing Fraud & Embezzlement**" by Clicking Here ([https://drive.google.com/file/d/1WniUmhyoD8rhlpeyOjB2Rx5TSer\\_XHoh/view?usp=sharing](https://drive.google.com/file/d/1WniUmhyoD8rhlpeyOjB2Rx5TSer_XHoh/view?usp=sharing))

1. Protect cash assets with checks and balances procedures and conservative investment policies.
2. Protect physical assets with adequate insurance coverage.
3. Protect cash and physical assets with sound risk-management policies.
4. Protect income with fair and consistent collection policies.
5. Protect against liability with informed decision making.
6. Protect against waste and corruption by exercising due diligence.
7. Protect real-estate values with proper maintenance.

## Checklist for Safeguarding Association Assets

- Are ledgers balanced and posted monthly?
- Are employees, board members, and the manager bonded?
- Are accounting records protected from loss?
- Are all checks manually signed, numbered, and accounted for?
- Are checks mailed by someone other than the preparer?
- Are voided checks retained and defaced?
- Are bank accounts reconciled promptly at the end of each month?
- Are each day's receipts deposited intact and without delay?
- Are banks notified immediately when a check signer is no longer authorized?
- Are all investments registered in the association's name?
- Are checks made out to "cash" prohibited?
- Are investments maintained safely?
- Are write-offs approved by the board?
- Are property assets inventoried?
- Are vendor invoices checked for accuracy?
- Are major contracts obtained through a bidding process?
- Does the board authorize all replacement reserve transactions?
- Are appropriate payroll records maintained?
- Is insurance coverage reviewed annually?

## Budget Responsibly

1. The budget is a formal financial plan that determines the annual assessment. It should cover operations and reserve funding.
2. Develop the budget in an objective, step-by-step manner based on historical data (prior-year budgets) and careful research (Will any of the contractors raise fees this coming year? Will interest rates go up or down?).
3. When budgeting expenses, avoid rationalizing ("we won't need much for maintenance because the property is in good condition") or projecting ("it will be a mild winter, so

6. If possible, develop two-, three-, or five-year budgets to avoid special assessments or a surprise assessment increase.

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## Observe Federal and State Regulations

1. Some federal and state regulations affect community associations with regard to how they manage their finances.
2. Taxes, even though community associations are nonprofit organizations, they must file federal, and possibly state and local, income tax returns. Most associations will have at least some income from interest earned on investments. Some will have miscellaneous income from laundry facilities, late charges, special fees, repair charges, pool use, vending machines, or newsletter advertising. In addition, some associations may be subject to sales, payroll, or property taxes.
3. Fair Debt Collection. The federal Fair Debt Collection Practices Act (FDCPA) has made abusive debt collection practices illegal. Most community associations are not subject to the federal act, but many fall under state debt collection statutes. Boards should check with the association attorney to ensure that the association is using legal procedures to collect delinquent assessments.

The federal Fair Debt Collection Practices Act (FDCPA) has made abusive debt collection practices illegal.

### **Expert Advice:**

1. Budget for interfund loan repayments
  - a. Interfund balances typically arise when budgeted assessments are not contributed to the reserves fund, or when one fund pays for something on behalf of another fund. Such balances should be repaid. The Board of Directors should determine a repayment schedule, which should be included in the annual budget.
2. Budget for commercial loan payments
  - a. Commercial loan payments generally include both principal and interest. While interest is treated as an expense, principal repayments decrease the balance of the loan being carried on the association's balance sheet. You will not see the full



(/)

- a. If you want to use cumulative excess operating fund cash in the future, include the projected excess for the current year in the revenue section of your budget for next year. Or at least a portion of it. CAI recommends maintaining three months' worth of operating expenses in operating cash. It's a good idea to be aware of your operating cash, delinquencies, expected cash usage as you project for the next year.
- 4. Maintain a budget permanent file
  - a. Starting a budget from scratch is tough. Try keeping a continuous file with information you may need to help you with the budget process, including: vendor contracts, discussions with vendors about rate changes, collections activity and expectations, owner recommendations/suggestions/requests, insurance policies, reserve study, notes from community walks, financial statements, variance analysis for current year revenues and expenses, information about inflation from your vendors.

Submitted by: Jeremy Newman, CPA

Newman Certified Public Accountant, PC

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# Reserve Studies

WA State Law Requires Reserve Studies for All Associations



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## Reserve Study Overview

1. A reserve fund is required by Washington State law.
2. An initial reserve study **MUST** be conducted on-site in accordance with WA State law (RCW 64.34.380)
3. Reserve funds provide for the planned replacement of major items that must, at some point in time, be replaced.
4. Major items deteriorate over time. Although a roof will be replaced when it is 25 years old, every owner who lived under it should share its replacement cost.
5. Reserves minimize the need for special assessments.
6. Reserves enhance resale values.



Experts recommend that studies be reviewed or updated every one to five years, but this can vary according to the age and needs of the association.

### Free WSCAI Member Resources:

- Access "**Seven Things You Must Know Before Conducting Your Next Reserve Study**" by Clicking Here.  
([https://drive.google.com/file/d/15EiRBv5h6h\\_GREGsByNrUjAmQguE\\_7Kr/view?usp=sharing](https://drive.google.com/file/d/15EiRBv5h6h_GREGsByNrUjAmQguE_7Kr/view?usp=sharing))
- Access "**Best Practices: Reserve Studies/Management**" by Clicking Here.  
([https://drive.google.com/file/d/1N3rk9A-\\_pljG66-Appx13zstrusSMBZL/view?usp=sharing](https://drive.google.com/file/d/1N3rk9A-_pljG66-Appx13zstrusSMBZL/view?usp=sharing))

## What Washington Law Says

### Reserve account—Reserve study—Annual update

- An association is encouraged to establish a reserve account with a financial institution to fund major maintenance, repair, and replacement of common elements, including limited common elements that will require major maintenance, repair, or replacement within thirty years. If the association establishes a reserve account, the account must be in the name of the association. The board of directors is responsible for administering the reserve account.
- Except as provided in RCW 64.90.080 (<http://app.leg.wa.gov/RCW/default.aspx?cite=64.90.080>) and 64.90.545 (<http://app.leg.wa.gov/RCW/default.aspx?cite=64.90.545>), unless doing so would impose an unreasonable hardship, an association with significant assets shall prepare and update a reserve study, in accordance with the association's governing documents and RCW 64.34.224 (<http://app.leg.wa.gov/RCW/default.aspx?cite=64.34.224>)(1). The initial reserve study must be based upon a visual site inspection conducted by a reserve study professional.
- Except as provided in RCW 64.90.080 (<http://app.leg.wa.gov/RCW/default.aspx?cite=64.90.080>) and 64.90.545 (<http://app.leg.wa.gov/RCW/default.aspx?cite=64.90.545>), unless doing so would impose an unreasonable hardship, the association shall update the reserve study annually. At least every three years, an updated reserve study must be prepared and based upon a visual site inspection conducted by a reserve study professional.
- Except as provided in RCW 64.90.080 (<http://app.leg.wa.gov/RCW/default.aspx?cite=64.90.080>) and 64.90.545 (<http://app.leg.wa.gov/RCW/default.aspx?cite=64.90.545>), this section and RCW 64.34.382 (<http://app.leg.wa.gov/RCW/default.aspx?cite=64.34.382>) through 64.34.392 (<http://app.leg.wa.gov/RCW/default.aspx?cite=64.34.392>) apply to condominiums



governed by chapter 64.32 (<http://app.leg.wa.gov/RCW/default.aspx?cite=64.32>) RCW or this chapter and intended in whole or in part for residential purposes. These sections do not apply to condominiums consisting solely of units that are restricted in the declaration to nonresidential use. An association's governing documents may contain stricter requirements.

## Expert Advice

### *Make Sure Your Reserve Study Works for YOU!*

While reserve studies rely on data from a number of sources, the best way to customize the reserve study report for your specific community is to provide as much information as possible to your reserve study provider. This includes historical data such as the year and cost that a project last occurred as well as information about future plans including copies of bids for projects that the association is considering, or contracts that have recently been signed.

If your community had a professional inspection completed (building envelope, roofing, elevator, etc.) be sure to provide a copy to your reserve study professional as well so the results of the inspection can be incorporated in the study. The more information the better!

Once the report is complete, review the document carefully and don't be shy about reaching out to your provider during the revision period if an oversight is found. The reserve study is intended to be a budgeting tool for your community and it should reflect the history of your community accordingly.

~ Submitted by **Karen McDonald, CMCA, AMS, PCAM, RS** of Accurate Reserve Professionals

**Legal Disclaimer:** *All info on our website is general info and is not intended to be legal, financial, professional advice or misconstrued to be anything more than general information. Please seek professional assistance for such advice.*

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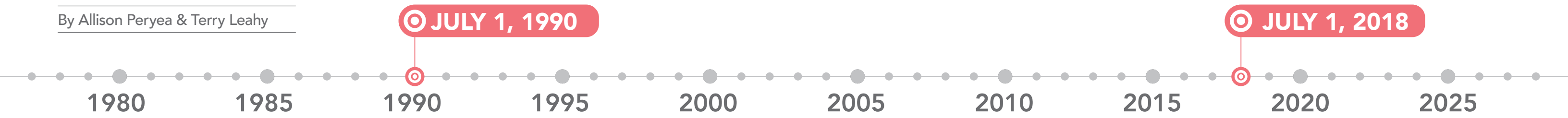


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# Chart Of Washington Statutes That May Apply To Your Community

By Allison Peryea & Terry Leahy



RCW 64.32



## HORIZONTAL PROPERTY REGIMES ACT

### APPLIES TO:

Condominiums created on or before July 1, 1990.

### NOTES:

- ▶ Known as informally as the "Old Act."
- ▶ A relatively sparse statute; WUCIOA and "New Act" provisions fill in some gaps.
- ▶ Allows for the declaration to provide for utilities shut-off if assessments are not timely paid. RCW 64.32.200(1)(a).

◎ JULY 1, 1990

RCW 64.38



## HOMEOWNERS' ASSOCIATIONS ACT

### APPLIES TO:

Homeowners' associations created prior to July 1, 2018.

### NOTES:

- ▶ Homeowners' associations created after July 1, 2018 are subject instead to WUCIOA.
- ▶ A sparse statute but includes provisions regarding specific items such as flags, political signs, and adult family homes. Also includes significant language regarding reserves.

RCW 64.34



## CONDOMINIUM ACT

### APPLIES TO:

Condominiums created after July 1, 1990 and before July 1, 2018. (See RCW 64.34.010(1))

### NOTES:

- ▶ Known informally as the "New Act" (until the adoption of WUCIOA).
- ▶ Pre-existing communities may opt in and need not opt into entire statute. But a community cannot give someone rights, powers or privileges in the Act without also opting into any "correlative obligations, liabilities and restrictions" that would apply that that same person. (RCW 64.34.010(2)).
- ▶ Certain provisions apply automatically to pre-existing communities. (RCW 64.34.010) Examples include the resale provision (RCW 64.34.425) and attorneys' fees provision (RCW 64.34.455).

◎ JULY 1, 2018

RCW 64.90



## WUCIOA

### APPLIES TO:

Common-interest communities (COAs or HOAs) created after July 1, 2018, with a minor exception. (See RCW 64.90.075)

### NOTES:

- ▶ This is recently adopted legislation resulting from the longtime goal of developing one statute to apply to communities of all types.
- ▶ Pre-existing communities may "opt in" to WUCIOA. It then replaces the statute that previously applied. But for condominiums, the declaration still trumps WUCIOA until the association "opts-out" of some or all of its declaration. But a community cannot grant rights, powers or privileges in the Act without also opting into any "correlative obligations, liabilities and restrictions." (RCW 64.90.095(1)-(2)).
- ▶ Two WUCIOA provisions apply to almost all pre-existing communities automatically. (RCW 64.90.080(1)). These include the opt-in provision and the budget-ratification provision, RCW 64.90.525. They only apply to events and circumstances happening after July 1, 2018. They do not "invalidate" existing provisions of the governing documents, except with respect to HOAs. (RCW 64.90.080(2)).
- ▶ Portions of certain statutes that applied to pre-existing communities no longer apply to the extent they are "inconsistent." (RCW 64.90.080(1)).

## Other Statutes That May Apply:

RCW 24.03

### NONPROFIT CORPORATION ACT

#### APPLIES TO:

Any common-interest community organized under the Act

### NOTES:

- ▶ Check Articles of Incorporation to determine whether this Act applies.
- ▶ Most incorporated associations are incorporated under to this Act.
- ▶ Includes operational rather than substantive requirements. Often defers to the Bylaws or Articles of Incorporation in the event of a conflict.

RCW 24.06

### NONPROFIT MISCELLANEOUS & MUTUAL CORPORATIONS ACT

#### APPLIES TO:

Any common-interest community organized under the Act

### NOTES:

- ▶ Check Articles of Incorporation to determine whether this Act applies.
- ▶ Fewer community associations incorporate under this Act.
- ▶ Includes operational rather than substantive requirements. Often defers to the Bylaws or Articles of Incorporation in the event of a conflict.

