

**RCW 64.90.290 Termination.** (1) Except for a taking of all the units by condemnation, foreclosure against an entire cooperative of a security interest that has priority over the declaration, or in the circumstances described in RCW 64.90.325, a common interest community may be terminated only by agreement of unit owners of units to which at least eighty percent of the votes in the association are allocated, or any larger percentage the declaration specifies, and with any other approvals required by the declaration. The declaration may specify a smaller percentage only if all of the units are restricted exclusively to nonresidential uses.

(2) An agreement to terminate must be evidenced by the execution of a termination agreement, or ratifications of the agreement, in the same manner as a deed, by the requisite number of unit owners. The termination agreement must specify a date after which the agreement is void unless it is recorded before that date. A termination agreement and all ratifications of the agreement must be recorded in every county in which a portion of the common interest community is situated and is effective only upon recordation. An agreement to terminate may only be amended by complying with the requirements of this subsection and subsection (1) of this section.

(3) (a) In the case of a condominium, plat community, or miscellaneous community containing only units having horizontal boundaries between units, a termination agreement may provide that all of the common elements and units of the common interest community must be sold following termination. If, pursuant to the agreement, any real estate in the common interest community is to be sold following termination, the termination agreement must set forth the minimum purchase price, manner of payment, and outside closing date, and may include any other terms of the sale.

(b) In the case of a condominium, plat community, or miscellaneous community containing no units having horizontal boundaries between units, a termination agreement may provide for sale of the common elements that are not necessary for the habitability of a unit, but it may not require that any unit be sold following termination, unless the declaration as originally recorded provided otherwise or all the unit owners consent to the sale. If, pursuant to the agreement, any real estate in the common interest community is to be sold following termination, the termination agreement must set forth the minimum purchase price, manner of payment, and outside closing date, and may include any other terms of sale.

(c) In the case of a condominium, plat community, or miscellaneous community containing some units having horizontal boundaries between units and some units without horizontal boundaries between units, a termination agreement may provide for sale of the common elements that are not necessary for the habitability of a unit, but it may not require that any unit be sold following termination, unless the declaration as originally recorded provided otherwise or all the unit owners of units in the building to be sold consent to the sale. If, pursuant to the agreement, any real estate in the common interest community is to be sold following termination, the termination agreement must set forth the minimum purchase price, manner of payment, and outside closing date, and may include any other terms of sale.

(4) (a) The association, on behalf of the unit owners, may contract for the sale of real estate in a common interest community, but the contract is not binding on the unit owners until approved pursuant to subsections (1) and (2) of this section. If any real

estate is to be sold following termination, title to that real estate, upon termination, vests in the association as trustee for the holders of all interests in the units. Thereafter, the association has all powers necessary and appropriate to effect the sale. Until the sale has been concluded and the proceeds of the sale distributed, the association continues in existence with all powers it had before termination.

(b) Proceeds of the sale must be distributed to unit owners and lienholders as their interests may appear, in accordance with subsections (6) and (8) of this section. Unless otherwise specified in the termination agreement, as long as the association holds title to the real estate, each unit owner and the unit owner's successors in interest have an exclusive right to occupancy of the portion of the real estate that formerly constituted the unit. During the period of that occupancy, each unit owner and the unit owner's successors in interest remain liable for all assessments and other obligations imposed on unit owners under this chapter or the declaration.

(5) In a condominium, plat community, or miscellaneous community, if any portion of the real estate constituting the common interest community is not to be sold following termination, title to those portions of the real estate constituting the common elements and, in a common interest community containing units having horizontal boundaries between units described in the declaration, title to all the real estate containing such boundaries in the common interest community vests in the unit owners upon termination as tenants in common in proportion to their respective interests as provided in subsection (8) of this section, and liens on the units shift accordingly. While the tenancy in common exists, each unit owner and the unit owner's successors in interest have an exclusive right to occupancy of the portion of the real estate that formerly constituted the unit.

(6) (a) Following termination of the common interest community, the proceeds of a sale of real estate, together with the assets of the association, are held by the association as trustee for unit owners and holders of liens on the units as their interests may appear.

(b) Following termination of a condominium, plat community, or miscellaneous community, creditors of the association holding liens on the units that were recorded or perfected under RCW 4.64.020 before termination may enforce those liens in the same manner as any lienholder.

(c) All other creditors of the association are to be treated as if they had perfected liens on the units immediately before termination.

(7) In a cooperative, the declaration may provide that all creditors of the association have priority over any interests of unit owners and creditors of unit owners. In that event, following termination, creditors of the association holding liens on the cooperative that were recorded or perfected under RCW 4.64.020 before termination may enforce their liens in the same manner as any lienholder, and any other creditor of the association is to be treated as if the creditor had perfected a lien against the cooperative immediately before termination. Unless the declaration provides that all creditors of the association have that priority:

(a) The lien of each creditor of the association that was perfected against the association before termination becomes, upon termination, a lien against each unit owner's interest in the unit as of the date the lien was perfected;

(b) Any other creditor of the association must be treated, upon termination, as if the creditor had perfected a lien against each unit owner's interest immediately before termination;

(c) The amount of the lien of an association's creditor described in (a) and (b) of this subsection against each of the unit owners' interest must be proportionate to the ratio that each unit's common expense liability bears to the common expense liability of all of the units;

(d) The lien of each creditor of each unit owner that was perfected before termination continues as a lien against that unit owner's unit as of the date the lien was perfected;

(e) The assets of the association must be distributed to all unit owners and all lienholders as their interests may appear in the order described in this subsection; and

(f) Creditors of the association are not entitled to payment from any unit owner in excess of the amount of the creditor's lien against that unit owner's interest.

(8) The respective interests of unit owners referred to in subsections (4), (5), (6), and (7) of this section are as follows:

(a) Except as otherwise provided in (b) of this subsection, the respective interests of unit owners are the fair market values of their units, allocated interests, and any limited common elements immediately before the termination, as determined by one or more independent appraisers selected by the association. The decision of the independent appraisers must be distributed to the unit owners and becomes final unless disapproved within thirty days after distribution by unit owners of units to which twenty-five percent of the votes in the association are allocated. The proportion of any unit owner's interest to that of all unit owners is determined by dividing the fair market value of that unit owner's unit and its allocated interests by the total fair market values of all the units and their allocated interests.

(b) If any unit or any limited common element is destroyed to the extent that an appraisal of the fair market value of the unit or limited common element before destruction cannot be made, the interests of all unit owners are:

(i) In a condominium, their respective common element interests immediately before the termination;

(ii) In a cooperative, their respective ownership interests immediately before the termination; and

(iii) In a plat community or miscellaneous community, their respective common expense liabilities immediately before the termination.

(9) In a condominium, plat community, or miscellaneous community, except as otherwise provided in subsection (10) of this section, foreclosure or enforcement of a lien or encumbrance against the entire common interest community does not terminate the common interest community, and foreclosure or enforcement of a lien or encumbrance against a portion of the common interest community, other than withdrawable real estate, does not withdraw that portion from the common interest community. Foreclosure or enforcement of a lien or encumbrance against withdrawable real estate, or against common elements that have been subjected to a security interest by the association under RCW 64.90.465, does not withdraw that real estate from the common interest community, but the person taking title to the real estate may require from the association, upon request, an

amendment excluding the real estate from the common interest community.

(10) In a condominium, plat community, or miscellaneous community, if a lien or encumbrance against a portion of the real estate comprising the common interest community has priority over the declaration and the lien or encumbrance has not been partially released, the parties foreclosing the lien or encumbrance, upon foreclosure, may record an instrument excluding the real estate subject to that lien or encumbrance from the common interest community.

(11) The right of partition under chapter 7.52 RCW is suspended if an agreement to sell property is provided for in the termination agreement pursuant to subsection (3)(a), (b), or (c) of this section. The suspension of the right to partition continues unless a binding obligation to sell does not exist three months after the recording of the termination agreement, the binding sale agreement is terminated, or one year after the termination agreement is recorded, whichever occurs first. [2018 c 277 § 219.]