

RCW 64.90.295 Rights of secured lenders. (1) The declaration may require that all or a specified number or percentage of the lenders who hold security interests encumbering the units or who have extended credit to the association approve specified actions of the unit owners or the association as a condition to the effectiveness of those actions, but no requirement for approval may operate to:

(a) Deny or delegate control over the general administrative affairs of the association by the unit owners or the board;

(b) Prevent the association or the board from commencing, intervening in, or settling any litigation or proceeding; or

(c) Prevent any insurance trustee or the association from receiving and distributing any insurance proceeds except pursuant to RCW 64.90.470.

(2) With respect to any action requiring the consent of a specified number or percentage of mortgagees, the consent of only eligible mortgagees holding a first lien security interest need be obtained and the percentage must be based upon the votes attributable to units with respect to which eligible mortgagees have an interest.

(3) A lender who has extended credit to an association secured by an assignment of income or an encumbrance on the common elements may enforce its security agreement in accordance with its terms, subject to the requirements of this chapter and other law. A requirement that the association must deposit its periodic common charges before default with the lender to which the association's income has been assigned, or increase its common charges at the lender's direction by amounts reasonably necessary to amortize the loan in accordance with its terms, does not violate the prohibitions on lender approval contained in subsection (1) of this section. [2018 c 277 s 220.]