

GLOSSARY

TERM	SIMPLE DESCRIPTION¹
Allocated interest	The percentage of the physical property owned by a particular Unit Owner. The total of all owners of an association must add up to 100%. This often determines the Unit Owner's share of common Assessments, and the votes unit owners have for any matter decided by the Association.
Amendment	A legal change to a document that affects the rights or obligations of the owners. Any governing document can be amended by some method: some by a simple vote of the Board, others by 100% approval by the owners and the lenders for the Units.
Annual Meeting	Meeting of all members of the Association at which time information is shared and action items may be voted on by the full Association. Usually held about the same time each year, and usually includes the election of Board Members.
Apartment	"Old Act" term for a Unit in the "New Act". This is a piece of property owned exclusively by a member of the Association for his or her personal use.
Articles of Incorporation	The legal documents filed with the Secretary of State to create a Corporation. "New Act" condos are required to be a Corporation.

Assessment	Any money the Association requires a unit owner to pay to the Association. The annual budget is typically broken into equal monthly assessments for each Unit. Construction projects or unanticipated expenditures may have Special Assessments. Fines are an Assessment against only one unit.
Association	The group of all owners of individual condos or homes. By statute, each owner is a member of the Association. Most Associations are non-profit corporations.
Board, or Board of Directors	The elected members of the Association who have the power to make decisions and take action for the Association.
Board Meeting	A meeting of just the Board Members to conduct the business of the Association. Typically will occur monthly, but could be more or less frequent.
Board Members	The members of the Association elected to manage the affairs of the Association. Typically a President, one or more Vice Presidents, Treasurer, and Secretary are selected (by the board) from among the board members elected by the membership. The Bylaws establish the number and voting procedures.
Budget	A forward projection of expenses for the next year, used to set the monthly Assessments for each unit. Includes all expenses for insurance, utilities, management fees, cleaning, landscaping, repairs, etc.

Bylaws	The procedures by which the Association conducts its business. Typically discusses meetings, elections of Board Members, powers of the Board, etc. This must be adopted by the Association and can typically be amended only by a vote of the Association.
CC&Rs	Covenants, Conditions, and Restrictions.
CGL Insurance	"Commercial General Liability". Describes one type of insurance policy carried by most Associations and contractors. It insures the Association for acts and omissions, and negligence by the association.
Collection Policy	Established procedures adopted by the Association or Board to keep collection activities fair and consistent.
Common Area	See Common Element. Sometimes thought of as the physical areas like a parking lot or playground rather than something like the roof. They are all Common Elements.
Common Element	Portion of the physical property owned collectively by all the members of the Association. Typically includes the roof, exterior walls, floor structures, parking lots, and anything not part of the individual units.
Condominium/Condo	The physical property. Includes the buildings, the units, and all other common real property owned by the members of the association.

Condo Act	RCW 64.34, or the "New Act", governs condos created on or after July 1, 1990. In this book, one of two "Condo Acts" that govern all Washington condos.
CPA	Certified Public Accountant.
D&O Insurance	Directors' and Officers' Liability Insurance. Protects the Association and individual Board members from lawsuits for their conduct acting on behalf of the Association. Will not protect them from intentional bad acts or acting outside their authority.
Declaration	The document that is recorded with the county to describe the physical property that is the condo, and to describe each Unit within the condom. Includes many restrictions and procedures that affect the property. This is what creates the condo and all of the Units.
Deductible	The amount of money that an insurance policy holder must pay out of pocket before the insurance company will pay for any covered claims. The policy holder self-insures this amount.
Director	A member of the Board of Directors.
Due Process	A phrase that stands for the right of an individual to be heard on a matter before a decision that affects them is final. May relate to fines assessed or permission denied.
Fine Schedule	A list of fines payable by owners for failures to comply with the Governing Documents.

Financial Statements	Collectively the Balance Sheet, Income Statement, and Statement of Cash Flow, which tell the story of the Association's financial position.
Fine Schedule	A list of fines Assessed against Owners for violations of the governing documents. Often enforceable only if published and provided to all Unit Owners.
GAAP	Generally accepted accounting principles.
Governing Documents	Collectively the documents that control the governance of an Association and the ownership and use of property within the Association's authority. The Governing Documents may include a Declaration, Survey Maps, Bylaws, Rules and Regulations, and Articles of Incorporation.
HOA	Homeowners' Association.
Homeowner	The "person" that holds title to a home. This may be a single person, a married couple, a corporation, trust, or some other form of legal entity.
Horizontal Property Regimes Act	RCW 64.32, or the "Old Act," effective 1963.
Limited Common Element	Portion of the physical property owned collectively by all members of the Association, but the use of which is restricted to one or only some members. Examples: a deck next to a unit; a parking space; or a storage locker.

Meeting Minutes	Document that reflects the actions taken and matters considered by the Association or Board at its meetings.
Member	Every Unit Owner is a Member of the Association automatically.
New Act	Washington Condominium Act. RCW 64.34. In this book, one of two "Condo Acts" that govern all Washington condos.
Nonprofit Corporation Acts	RCW 24.03 (Nonprofit Corporation Act) and/or RCW 24.06 (Nonprofit Miscellaneous and Mutual Corporations Act).
Officer	A member of the Board of Directors who has specific duties assigned, such as the President or Secretary.
Old Act	Horizontal Regime Property Act. RCW 64.32. Governs condos created before July 1, 1990. In this book, one of two "Condo Acts" that govern all Washington condos.
Personal Property	Things that are not tied to real estate or physical property. Includes cars, furniture, kitchen utensils and clothes. May include appliances like refrigerators and washing machines. Unit owners must insure personal property for themselves.
Property Insurance	This insures the physical property of the condo or HOA, and usually the individual Units or Homes, against physical loss or damage. Does not include the contents of the Units or Homes, but often includes carpet and fixtures within condo Units.

Proxy	Writing by one Association Member giving its vote to another person. May be for a specific vote, or may be a general power to vote for that person on any matter.
Quorum	The minimum number of Association (or Board) Members required to meet together to take action for the Association (or Board).
RCW	Revised Code of Washington. The state laws that govern all activities in the State of Washington.
Records	Includes (but is not necessarily limited to) Financial Statements, paid bills, cancelled checks, meeting minutes, contracts, or any other written document Received by, created by, or sent out from the Association.
Resale Certificate	Document prepared by the Association for potential buyers meant to provide adequate information for making an informed purchasing decision. Tells the buyer all the rights and restrictions of ownership. Prepared for every sale after the first sale.
Reserve Study	A long term future projection of major maintenance and repair expenses to help the Association budget. Its contents are now specified by statute.
Resident	A person living within a Unit or Home.
Rules and Regulations	Documents that govern ownership and use of the Condominium/HOA and individual Units/Homes, typically adopted by the Board or the Association by a majority vote.

Tenant	A person who rents the physical property that is the Unit.
Unit	"New Act" term for Apartment in the "Old Act". This is the piece of the property owned exclusively by each member of the Association.
Unit Owner	The "person" that holds title to a Unit. This may be a single person, a married couple, a corporation, trust, or some other form of legal entity.

¹ **Note:** The descriptions contained in this glossary should not be substituted for definitions set forth in the RCW, other applicable statutes, or an Association's Governing Documents.