

SENATE BILL REPORT

SB 5024

As of January 11, 2021

Title: An act relating to reducing barriers to condominium construction.

Brief Description: Reducing barriers to condominium construction.

Sponsors: Senators Padden and Pedersen.

Brief History:

Committee Activity: Law & Justice: 1/12/21.

Brief Summary of Bill

- Exempts condominiums with ten or fewer units and no more than two stories from the requirement to submit building enclosure design documents and obtain periodic inspections throughout the course of construction.
- Allows deposit funds for the purchase of a unit in a common interest community to be used for construction costs if the declarant maintains a surety bond in favor of the purchaser in the amount of the deposit.

SENATE COMMITTEE ON LAW & JUSTICE

Staff: Shani Bauer (786-7468)

Background: Building Enclosure Requirements. Special requirements apply when constructing a multiunit residential building or converting a multiunit residential building to condominium ownership. Building enclosure design documents must be submitted with any application for a building permit addressing waterproofing, weatherproofing, and other protections of the building from water or moisture intrusion. Further, the building enclosure must be inspected by a qualified building inspector throughout the course of construction to ensure the construction is in compliance with the design documents. No condominium unit

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may be sold without the required enclosure design documents and inspection report.

A multiunit residential building is a building with more than two attached dwelling units, but does not include hotels, motels, dormitories, care facilities, floating homes, or buildings with attached dwelling units each on a single platted lot.

Deposits for Purchase. Under Washington Uniform Common Interest Ownership Act, a unit refers to a physical portion of a common interest community designated for separate ownership or occupancy. A common interest community may include a condominium, cooperative, plat community, or miscellaneous community. When a purchaser enters into an agreement to purchase a unit from the declarant of the community, any earnest money deposit or reservation deposit must be placed in escrow. Consistent with other real estate conveyances, the amount of earnest money that may be forfeited for failing to complete a purchase may not exceed 5 percent of the purchase price.

Summary of Bill: A multiunit residential building does not include condominiums with ten or fewer units and with no more than two stories. Those condominiums are exempt from the requirement to submit building enclosure design documents and obtain periodic inspections throughout the course of construction.

Deposit funds for the purchase of a unit in a common interest community may be used for the construction costs of the unit if the declarant obtains and maintains a surety bond in favor of the purchase in an amount adequate to cover the amount of the deposit to be withdrawn. The purchase agreement must inform the purchaser that deposit funds may be used for construction costs and the deposit may not exceed 10 percent of the purchase price.

Appropriation: None.

Fiscal Note: Not requested.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.