

# HOUSE BILL REPORT

## EHB 1323

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**As Passed House:**

January 12, 1996

**Title:** An act relating to an exemption for new construction from seller's disclosure requirements.

**Brief Description:** Exempting new construction from seller's disclosure requirements.

**Sponsors:** Representatives Cairnes, Hargrove and Sherstad.

**Brief History:**

**Committee Activity:**

Trade & Economic Development: 1/30/95, 2/9/95 [DPA].

**Floor Activity:**

Passed House: 3/7/95, 86-10;

Passed House: 1/12/96, 81-11.

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### HOUSE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

**Majority Report:** Do pass as amended. Signed by 9 members: Representatives Van Luven, Chairman; Radcliff, Vice Chairman; D. Schmidt, Vice Chairman; Sheldon, Ranking Minority Member; Backlund; Ballasiotes; Hatfield; Hickel and Sherstad.

**Minority Report:** Do not pass. Signed by 3 members: Representatives Veloria, Assistant Ranking Minority Member; Mason and Valle.

**Staff:** Kenny Pittman (786-7392).

**Background:** In 1994, the Legislature enacted a requirement that a disclosure statement is provided as part of a residential real property sale. Within five days of the signing of an agreement for the purchase and sale of a residential property, the seller must provide to the buyer a real property transfer disclosure statement on a prescribed form. The prescribed form requires disclosure, based upon the seller's personal knowledge, of matters relating to title, water sources and systems, sewer/septic systems, structural concerns, mechanical systems, community associations, and geographical hazards such as flooding. Within three days of receipt, or other agreed duration of time, the buyer must either accept the disclosure statement or give written notice of rescission of the agreement for purchase.

The law provides an exemption from the disclosure requirements for specific real property transactions. Transfers among family members, by decedent's estates or bankruptcy estates, among common owners, by lienholders, by sheriff's sale or other foreclosure sale, and transfers of less than a fee-simple interest other than the transfer of a beneficial interest under a real estate contract are exempt from the disclosure requirements.

**Summary of Bill:** The transfer of new residential construction, if the seller is a registered contractor, and if the buyer is the first purchaser and occupant, is exempt from disclosure requirements.

**Appropriation:** None.

**Fiscal Note:** Not Requested.

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

**Testimony For:** The seller disclosure statement is not needed for new construction. Many of the items on the disclosure statement are not applicable to new residences. The property title report will pick up many of the items in the disclosure statement. The first buyer of a new residence has recourse through both stated and implied warranties.

**Testimony Against:** (Summary of Washington Association of Realtors statement) The seller disclosure statement was an attempt to meet concerns expressed by various groups. Having the disclosure statement allows the buyer to know items up front before they proceed with the purchase.

**Testified:** Representative Cairnes, prime sponsor (Pro); Suzie Rao, Building Industry Association of Washington (Pro); Robert Fogarty, Century Real Estate Corporation (Pro); Russell Tye, Schneider Homes Inc. (Pro); Jim Halstrom, Master Builders Association of King-Snohomish Counties (Pro); Glen Hudson and David Cantu, Washington Association of Realtor (Position not stated).