

# HOUSE BILL REPORT

## SB 6205

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### As Reported by House Committee On: Judiciary

**Title:** An act relating to requiring property sold in tax lien foreclosure proceedings to be sold as is.

**Brief Description:** Requiring property sold in tax lien foreclosure proceedings to be sold as is.

**Sponsors:** Senators Cleveland, Wilson, Takko, Rivers, Bailey, King, Short, Warnick, Honeyford and Braun.

#### **Brief History:**

##### **Committee Activity:**

Judiciary: 2/20/18, 2/21/18 [DP].

#### **Brief Summary of Bill**

- Requires all property sold by a county treasurer in a tax lien foreclosure sale to be sold "as is," without any guarantee or warranty of any kind.

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### HOUSE COMMITTEE ON JUDICIARY

**Majority Report:** Do pass. Signed by 12 members: Representatives Jinkins, Chair; Kilduff, Vice Chair; Rodne, Ranking Minority Member; Graves, Assistant Ranking Minority Member; Goodman, Haler, Hansen, Kirby, Klippert, Muri, Orwall and Valdez.

**Staff:** Ingrid Lewis (786-7289).

#### **Background:**

The county treasurer may begin foreclosure proceedings to recover past due property taxes three years from the date of property tax delinquency. The first step in the process is issuance of a certificate of delinquency for the total amount of unpaid taxes, interest, penalties, and assessments, which is then filed with the clerk of the court.

Notice and summons are served or given to the owners and any person having a recorded interest in, or recorded lien upon, the property, notifying them to appear within 30 days after

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service and defend the action or pay the amount due. Following court proceedings, the court gives judgment for such taxes, interest, and costs as appear to be due and issues an order for the sale of the property against which judgment is made. This order provides authority for the sale of the property.

The county treasurer must sell the property to the highest and best bidder. The minimum bid is the total amount of taxes, interest, penalties, and costs. Property may be redeemed at any time before the close of business the day before the sale by payment of the amount for which the certificate of delinquency was issued, together with interest, and any taxes, interest, and costs accruing after issuance of the certificate of delinquency.

If the sale is for more than the minimum bid, the excess must be refunded to the record owner of the property if a refund application is made. If the county does not receive the required minimum bid, the county acquires title.

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**Summary of Bill:**

Any property sold by a county treasurer in a tax lien foreclosure sale must be sold "as is." There is no guarantee or warranty of any kind, express or implied, relative but not limited to: title; eligibility to build upon or subdivide the property; zoning or land use; condition of the property; or suitability for any use.

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**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) It is historic legal practice that tax lien properties are sold "as is, where is." The court of appeals upheld the practice in 2017. This bill codifies what is already happening in practice, which can hopefully prevent any unnecessary litigation against county treasurers. This bill provides clarity for the public who may not be aware of the common law and makes it clear to the bidder that they should do their homework.

(Opposed) None.

(Other) Government entities selling a piece of property should not exempt themselves from the rules that it imposes on private homeowners. When a person's home is taken and sold, that is a great tragedy. It is a greater injustice if the home is sold for a minimal amount of money to satisfy the tax lien. If the home is not sold "as is," maybe more money can go to the citizen who lost a home, as well as the county treasurer.

**Persons Testifying:** (In support) Doug Lasher, Clark County; and Jeff Gadmanj, Thurston County.

(Other) Michael Brunson.

**Persons Signed In To Testify But Not Testifying:** None.