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HOUSE BILL 2795

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State of Washington                      53rd Legislature                      1994 Regular Session

By Representatives Peery, H. Myers and Zellinsky

Read first time 01/24/94. Referred to Committee on Local Government.

1            AN ACT Relating to the protection of real estate purchasers;  
2 amending RCW 36.21.080; adding a new section to chapter 19.27 RCW;  
3 adding a new section to chapter 48.29 RCW; and adding a new chapter to  
4 Title 64 RCW.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6            NEW SECTION.    **Sec. 1.** This chapter applies only to residential  
7 real property. For purposes of this chapter, residential real property  
8 means:

9            (1) Real property consisting of, or improved by, one to four  
10 dwelling units;

11            (2) A residential condominium as defined in RCW 64.34.020(9),  
12 unless the sale is subject to the public offering statement requirement  
13 in the Washington condominium act, chapter 64.34 RCW; and

14            (3) A residential timeshare, as defined in RCW 64.36.010(11),  
15 unless subject to written disclosure under the Washington timeshare  
16 act, chapter 64.36 RCW.

17            NEW SECTION.    **Sec. 2.** This chapter does not apply to the following  
18 transfers of residential real property:

- 1 (1) A foreclosure, deed-in-lieu of foreclosure, or a sale by a
- 2 lienholder who acquired the residential real property through
- 3 foreclosure or deed-in-lieu of foreclosure;
- 4 (2) A gift or other transfer to a family member;
- 5 (3) A transfer between spouses in connection with a marital
- 6 dissolution;
- 7 (4) A transfer where a buyer had an ownership interest in the
- 8 property within two years of the date of the transfer; and
- 9 (5) The granting of a lien encumbering the property.

10 NEW SECTION. **Sec. 3.** (1) In a transaction for the sale of  
11 residential real property, the seller shall, unless the transfer is  
12 exempt under section 2 of this act, deliver to the buyer a completed  
13 real property transfer disclosure statement in the following form:

14 INSTRUCTIONS TO THE SELLER

15 Please complete the following form. Do not leave any spaces blank  
16 unless the question clearly does not apply to the property. If the  
17 answer is "yes" to any \* items, please explain on attached sheets.  
18 Please refer to the line number(s) of the question(s) when you provide  
19 your explanation(s). For your protection you must date and sign each  
20 page of this disclosure statement and each attachment. Delivery of the  
21 disclosure statement must occur within . . . days (or five days if not  
22 filled in) of mutual acceptance of a written contract to purchase  
23 between a buyer and a seller.

24 NOTICE TO THE BUYER

25 THE FOLLOWING DISCLOSURES ARE MADE BY THE SELLER(S), CONCERNING THE  
26 CONDITION OF THE PROPERTY LOCATED AT . . . . .  
27 ("THE PROPERTY"), LEGALLY DESCRIBED ON ATTACHED EXHIBIT A.

28 DISCLOSURES CONTAINED IN THIS FORM ARE PROVIDED BY THE SELLER ON THE  
29 BASIS OF SELLER'S ACTUAL KNOWLEDGE OF THE PROPERTY AT THE TIME OF  
30 DISCLOSURE. YOU HAVE . . . BUSINESS DAYS, OR THREE BUSINESS DAYS IF  
31 NOT FILLED IN, FROM THE SELLER'S DELIVERY OF THIS SELLER'S DISCLOSURE  
32 STATEMENT TO REVOKE YOUR OFFER BY DELIVERING YOUR SEPARATE SIGNED  
33 WRITTEN STATEMENT OF REVOCATION TO THE SELLER, UNLESS YOU WAIVE THIS  
34 RIGHT AT OR PRIOR TO ENTERING INTO A SALE AGREEMENT. THE FOLLOWING ARE  
35 DISCLOSURES MADE BY THE SELLER AND ARE NOT THE REPRESENTATIONS OF ANY  
36 REAL ESTATE LICENSEE OR OTHER PARTY. THIS INFORMATION IS FOR

1 DISCLOSURE ONLY AND IS NOT INTENDED TO BE A PART OF ANY WRITTEN  
2 AGREEMENT BETWEEN THE BUYER AND THE SELLER.

3 FOR A MORE COMPREHENSIVE EXAMINATION OF THE SPECIFIC CONDITION OF THIS  
4 PROPERTY YOU ARE ADVISED TO OBTAIN AND PAY FOR THE SERVICES OF A  
5 QUALIFIED SPECIALIST TO INSPECT THE PROPERTY ON YOUR BEHALF, FOR  
6 EXAMPLE, ARCHITECTS, ENGINEERS, PLUMBERS, ELECTRICIANS, ROOFERS,  
7 BUILDING INSPECTORS, OR PEST AND DRY ROT INSPECTORS. THE PROSPECTIVE  
8 BUYER AND THE OWNER MAY WISH TO OBTAIN PROFESSIONAL ADVICE OR  
9 INSPECTIONS OF THE PROPERTY AND TO PROVIDE FOR APPROPRIATE PROVISIONS  
10 IN A CONTRACT BETWEEN THEM WITH RESPECT TO ANY ADVICE, INSPECTION,  
11 DEFECTS OR WARRANTIES.

12 Seller . . . . is/ . . . . is not occupying the property.

13 **I. SELLER'S DISCLOSURES:**

14 \*If "Yes" attach a copy or explain on attached sheet.

15 **1. TITLE**

16 [ ]Yes [ ]No [ ]I don't know A. Do you have legal authority to sell  
17 the property?

18 [ ]Yes [ ]No [ ]I don't know \*B. Is title to the property subject to  
19 any of the following?

20 (1) First right of refusal

21 (2) Option

22 (3) Lease or rental agreement

23 (4) Life estate?

24 [ ]Yes [ ]No [ ]I don't know \*C. Are there any encroachments,  
25 boundary agreements, boundary disputes  
26 or recent boundary changes?

27 [ ]Yes [ ]No [ ]I don't know \*D. Are there any rights of way,  
28 easements, or access limitations that  
29 may affect your interest in the  
30 property?

31 [ ]Yes [ ]No [ ]I don't know \*E. Are there any written agreements  
32 for joint maintenance of an easement or  
33 right of way?

34 [ ]Yes [ ]No [ ]I don't know \*F. Is there any study, survey project,  
35 or notice that would affect the  
36 property?

1 [ ]Yes [ ]No [ ]I don't know \*G. Are there any pending or existing  
2 assessments against the property?  
3 [ ]Yes [ ]No [ ]I don't know \*H. Are there any zoning violations,  
4 nonconforming uses, or any unusual  
5 restrictions on the subject property  
6 that would affect future construction  
7 or remodeling?  
8 [ ]Yes [ ]No [ ]I don't know \*I. Is there a boundary survey for the  
9 property?  
10 [ ]Yes [ ]No [ ]I don't know \*J. Are there any covenants,  
11 conditions, or restrictions which  
12 affect the property?

13 **2. WATER**

14 A. Household Water

15 (1) The source of the water is  
16 [ ]Public [ ]Community [ ]Private  
17 [ ]Shared

18 (2) Water source information:

19 \*a. Are there any written  
20 agreements for shared water  
21 source?

22 \*b. Is there an easement  
23 (recorded or unrecorded) for  
24 access to and/or maintenance  
25 of the water source?

26 \*c. Are any known problems or  
27 repairs needed?

28 \*d. Does the source provide  
29 an adequate year round supply  
30 of potable water?

31 \*(3) Are there any water treatment  
32 systems for the property?  
33 [ ]Leased [ ]Owned

34 B. Irrigation

35 (1) Are there any water rights for  
36 the property?

37 \*(2) If they exist, to your  
38 knowledge, have the water rights



1 [ ]Yes [ ]No [ ]I don't know F. Is the septic tank system, including  
2 the drainfield, located entirely within  
3 the boundaries of the property?

4 **4. STRUCTURAL**

5 [ ]Yes [ ]No [ ]I don't know \*A. Has the roof leaked?  
6 [ ]Yes [ ]No [ ]I don't know If yes, has it been repaired?

7 [ ]Yes [ ]No [ ]I don't know \*B. Have there been any conversions,  
8 additions, or remodeling?

9 [ ]Yes [ ]No [ ]I don't know \*1. If yes, were all building  
10 permits obtained?

11 [ ]Yes [ ]No [ ]I don't know \*2. If yes, were all final  
12 inspections obtained?

13 [ ]Yes [ ]No [ ]I don't know C. Do you know the age of the house?  
14 If yes, year of original construction:  
15 . . . . .

16 [ ]Yes [ ]No [ ]I don't know \*D. Do you know of any settling,  
17 slippage, or sliding of the house or  
18 other improvements? If yes, explain:  
19 . . . . .

20 [ ]Yes [ ]No [ ]I don't know \*E. Do you know of any defects with the  
21 following: (Please check applicable  
22 items)

- |    |  |   |   |
|----|--|---|---|
| 23 | <input type="checkbox"/> Foundations   | <input type="checkbox"/> Decks          | <input type="checkbox"/> Exterior Walls |
| 24 | <input type="checkbox"/> Chimneys      | <input type="checkbox"/> Interior Walls | <input type="checkbox"/> Fire Alarm     |
| 25 | <input type="checkbox"/> Doors         | <input type="checkbox"/> Windows        | <input type="checkbox"/> Patio          |
| 26 | <input type="checkbox"/> Ceilings      | <input type="checkbox"/> Slab Floors    | <input type="checkbox"/> Driveways      |
| 27 | <input type="checkbox"/> Pools         | <input type="checkbox"/> Hot Tub        | <input type="checkbox"/> Sauna          |
| 28 | <input type="checkbox"/> Sidewalks     | <input type="checkbox"/> Outbuildings   | <input type="checkbox"/> Fireplaces     |
| 29 | <input type="checkbox"/> Moisture      |   | <input type="checkbox"/> Walkways       |
| 30 | <input type="checkbox"/> Garage Floors |   | <input type="checkbox"/> Wood Stoves    |
| 31 | <input type="checkbox"/> Other         |   |   |

32 [ ]Yes [ ]No [ ]I don't know \*F. Was a pest or dry rot, structural  
33 or "whole house" inspection done? When  
34 and by whom was the inspection  
35 completed?

36 [ ]Yes [ ]No [ ]I don't know \*G. Since assuming ownership, has your  
37 property had a problem with wood  
38 destroying organisms and/or have there



1 [ ]Yes [ ]No [ ]I don't know \*C. Is there any material damage to the  
2 property or any of the structure from  
3 fire, wind, floods, beach movements,  
4 earthquake, expansive soils, or  
5 landslides?  
6 [ ]Yes [ ]No [ ]I don't know D. Is the property in a designated  
7 flood plain?  
8 [ ]Yes [ ]No [ ]I don't know E. Is the property in a designated  
9 slide zone?  
10 [ ]Yes [ ]No [ ]I don't know \*F. Are there any substances,  
11 materials, or products that may be an  
12 environmental hazard such as, but not  
13 limited to, asbestos, formaldehyde,  
14 radon gas, lead-based paint, fuel or  
15 chemical storage tanks, and  
16 contaminated soil or water on the  
17 subject property?  
18 [ ]Yes [ ]No [ ]I don't know \*G. Are there any tanks or underground  
19 storage tanks (e.g., chemical, fuel,  
20 etc.) on the property?  
21 [ ]Yes [ ]No [ ]I don't know \*H. Has the property ever been used as  
22 an illegal drug manufacturing site?

23 **8. FULL DISCLOSURE BY SELLERS**

24 A. Other conditions or defects:  
25 [ ]Yes [ ]No [ ]I don't know \*Are there any other material defects  
26 affecting this property or its value  
27 that a prospective buyer should know  
28 about?  
29 B. Verification:  
30 The foregoing answers and attached  
31 explanations (if any) are complete and  
32 correct to the best of my/our knowledge  
33 and I/we have received a copy hereof.  
34 I/we authorize all of my/our real  
35 estate licensees, if any, to deliver a  
36 copy of this disclosure statement to  
37 other real estate licensees and all  
38 prospective buyers of the property.



1 DATE . . . . . SELLER . . . . . SELLER . . . . .

2 **II. BUYER'S ACKNOWLEDGMENT**

3 A. As buyer(s), I/we acknowledge the duty to pay  
4 diligent attention to any material defects which  
5 are known to me/us or can be known to me/us by  
6 utilizing diligent attention and observation.

7 B. Each buyer acknowledges and understands that the  
8 disclosures set forth in this statement and in  
9 any amendments to this statement are made only by  
10 the seller.

11 C. Buyer (which term includes all persons signing  
12 the "buyer's acceptance" portion of this  
13 disclosure statement below) hereby acknowledges  
14 receipt of a copy of this disclosure statement  
15 (including attachments, if any) bearing seller's  
16 signature.

17 DISCLOSURES CONTAINED IN THIS FORM ARE PROVIDED BY THE SELLER ON THE  
18 BASIS OF SELLER'S ACTUAL KNOWLEDGE OF THE PROPERTY AT THE TIME OF  
19 DISCLOSURE. YOU, THE BUYER, HAVE . . . BUSINESS DAYS (OR THREE  
20 BUSINESS DAYS IF NOT FILLED IN) FROM THE SELLER'S DELIVERY OF THIS  
21 SELLER'S DISCLOSURE STATEMENT TO REVOKE YOUR OFFER BY DELIVERING YOUR  
22 SEPARATE SIGNED WRITTEN STATEMENT OF REVOCATION TO THE SELLER UNLESS  
23 YOU WAIVE THIS RIGHT AT OR PRIOR TO ENTERING INTO A SALE AGREEMENT.  
24 BUYER HEREBY ACKNOWLEDGES RECEIPT OF A COPY OF THIS REAL PROPERTY  
25 TRANSFER DISCLOSURE STATEMENT AND ACKNOWLEDGES THAT THE DISCLOSURES  
26 MADE HEREIN ARE THOSE OF THE SELLER ONLY, AND NOT OF ANY REAL ESTATE  
27 LICENSEE OR OTHER PARTY.

28 DATE . . . . . BUYER . . . . . BUYER . . . . .

29 (2) The real property transfer disclosure statement shall be for  
30 disclosure only, and shall not be considered part of any written  
31 agreement between the buyer and seller of residential real property.  
32 The real property transfer disclosure statement shall be only a  
33 disclosure made by the seller, and not any real estate licensee  
34 involved in the transaction, and shall not be construed as a warranty  
35 of any kind by the seller or any real estate licensee involved in the  
36 transaction.

1        NEW SECTION.    **Sec. 4.**    Within five business days, or as otherwise  
2 agreed to, of mutual acceptance of a written agreement between a buyer  
3 and a seller for the purchase and sale of residential real property,  
4 the seller shall deliver to the buyer a completed and signed real  
5 property transfer disclosure statement. Within three business days, or  
6 as otherwise agreed to, of receipt of the real property transfer  
7 disclosure statement, the buyer shall have the right to exercise one of  
8 the following two options:    (1) Approving and accepting the real  
9 property transfer disclosure statement; or (2) rescinding the agreement  
10 for the purchase and sale of the property.    If the buyer elects to  
11 rescind the agreement, the buyer must deliver written notice of  
12 rescission to the seller within the three-business-day period, or as  
13 otherwise agreed to, and upon delivery of the written rescission notice  
14 the buyer shall be entitled to immediate return of all deposits and  
15 other considerations paid to the seller, or to the seller's agent or an  
16 escrow agent for the seller's account, and the agreement for purchase  
17 and sale shall be void.    If the buyer does not deliver a written  
18 rescission notice to seller within the three-business-day period, or as  
19 otherwise agreed to, the real property transfer disclosure statement  
20 will be deemed approved and accepted by the buyer.

21        NEW SECTION.    **Sec. 5.**    (1) If, after delivery of a real property  
22 transfer disclosure statement, an adverse change occurs which makes any  
23 of the disclosures made inaccurate, the seller shall amend the real  
24 property transfer disclosure statement, and deliver the amendment to  
25 the buyer.    Unless the adverse change is corrected or repaired by the  
26 seller prior to the closing date, the buyer shall have the right to  
27 exercise one of the following two options:    (a) Approving and accepting  
28 the amendment, or (b) rescinding the agreement of purchase and sale of  
29 the property within three business days after receiving the amended  
30 real property transfer disclosure statement.    Acceptance or rescission  
31 shall be subject to the same procedures described in section 4 of this  
32 act.    If the closing date provided in the purchase and sale agreement  
33 is scheduled to occur within the three-day rescission period provided  
34 for in this section, the closing date shall be extended until the  
35 expiration of the three-day rescission period.    The buyer shall have no  
36 right of rescission if the seller corrects or repairs the adverse  
37 change prior the closing date.

1 (2) In the event any act, occurrence, or agreement arising or  
2 becoming known after the closing of a residential real property  
3 transfer causes a real property transfer statement to be inaccurate in  
4 any way, the seller of such property shall have no obligation to amend  
5 the disclosure statement, and the buyer shall not have the right to  
6 rescind the transaction under this chapter.

7 (3) If the seller in a residential real property transfer fails or  
8 refuses to provide to the prospective buyer a real property transfer  
9 disclosure statement as required under this chapter, the prospective  
10 buyer's right of rescission under this section shall apply until the  
11 transfer has closed, unless the buyer has otherwise waived the right of  
12 rescission in writing. Closing is deemed to occur when the buyer has  
13 paid the purchase price, or down payment, and the conveyance document,  
14 including a deed or real estate contract, from the seller has been  
15 delivered and recorded. After closing, the seller's obligation to  
16 deliver the real property transfer disclosure statement and the buyer's  
17 rights and remedies under this chapter shall terminate.

18 NEW SECTION. **Sec. 6.** (1) The seller of residential real property  
19 shall not be liable for any error, inaccuracy, or omission in the real  
20 property transfer disclosure statement if the seller had no personal  
21 knowledge of the error, inaccuracy, or omission, or if the disclosure  
22 was based on information provided by public agencies, or by other  
23 persons providing information within the scope of their professional  
24 license or expertise, including, but not limited to, a report or  
25 opinion delivered by a land surveyor, structural inspector, pest  
26 inspector, licensed engineer, or contractor.

27 (2) Any licensed real estate salesperson or broker involved in a  
28 residential real property transaction is not liable for any error,  
29 inaccuracy, or omission in the real property transfer disclosure  
30 statement if the licensee had no personal knowledge of the error,  
31 inaccuracy, or omission, or if the disclosure was based on information  
32 provided by public agencies, or by other persons providing information  
33 within the scope of their professional license or expertise, including,  
34 but not limited to, a report or opinion delivered by a land surveyor,  
35 structural inspector, pest inspector, licensed engineer, or contractor.

36 NEW SECTION. **Sec. 7.** The legislature finds that the practices  
37 covered by this chapter are not matters vitally affecting the public

1 interest for the purpose of applying the consumer protection act,  
2 chapter 19.86 RCW.

3 NEW SECTION. **Sec. 8.** Any action based upon the contents of a real  
4 property transfer disclosure statement, or otherwise alleging a  
5 violation of this chapter, shall be commenced within one year of the  
6 date of closing of the sale of residential real property.

7 NEW SECTION. **Sec. 9.** Sections 1 through 8 of this act shall  
8 constitute a new chapter in Title 64 RCW.

9 **Sec. 10.** RCW 36.21.080 and 1989 c 246 s 4 are each amended to read  
10 as follows:

11 (1) The county assessor is authorized to place any property that is  
12 increased in value due to construction or alteration for which a  
13 building permit was issued, or should have been issued, under chapter  
14 19.27, 19.27A, or 19.28 RCW or other laws providing for building  
15 permits on the assessment rolls for the purposes of tax levy up to  
16 August 31st of each year. The assessed valuation of the property shall  
17 be considered as of July 31st of that year.

18 (2) In conducting a physical appraisal under RCW 36.21.070 or  
19 subsection (1) of this section, the county assessor shall notify the  
20 local building official of any increase in the size of the building,  
21 and any other significant modifications that are apparent from an  
22 exterior inspection of the building, since the last physical appraisal.

23 NEW SECTION. **Sec. 11.** A new section is added to chapter 19.27 RCW  
24 to read as follows:

25 A copy of any verification of final inspection issued upon  
26 completion of construction or alteration work on a single or  
27 multifamily residential building shall be transmitted by the issuing  
28 authority to the county auditor of the county where the property on  
29 which the construction or alteration work is located to be recorded in  
30 the real property records. The verification of final inspection shall  
31 contain the county assessor's parcel number.

32 NEW SECTION. **Sec. 12.** A new section is added to chapter 48.29 RCW  
33 to read as follows:

1       The existence of verifications of final inspection that are  
2 recorded pursuant to section 11 of this act shall be disclosed as an  
3 attachment to every title insurance report provided to the purchasers  
4 of real property. Nothing in this section requires a title insurer to  
5 include such verifications within the coverage provided under a title  
6 insurance contract.

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