

CERTIFICATION OF ENROLLMENT

**SECOND ENGROSSED SUBSTITUTE SENATE BILL 5536**

Chapter 201, Laws of 2004

58th Legislature  
2004 Regular Session

CONDOMINIUMS

EFFECTIVE DATE: 6/10/04

Passed by the Senate March 11, 2004  
YEAS 41 NAYS 8

BRAD OWEN

\_\_\_\_\_  
**President of the Senate**

Passed by the House March 10, 2004  
YEAS 97 NAYS 0

FRANK CHOPP

\_\_\_\_\_  
**Speaker of the House of Representatives**

CERTIFICATE

I, Milton H. Doumit, Jr.,  
Secretary of the Senate of the  
State of Washington, do hereby  
certify that the attached is  
**SECOND ENGROSSED SUBSTITUTE SENATE  
BILL 5536** as passed by the Senate  
and the House of Representatives  
on the dates hereon set forth.

MILTON H. DOUMIT JR.

\_\_\_\_\_  
**Secretary**

Approved March 29, 2004.

FILED

March 29, 2004 - 3:00 p.m.

GARY F. LOCKE

\_\_\_\_\_  
**Governor of the State of Washington**

**Secretary of State  
State of Washington**

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SECOND ENGROSSED SUBSTITUTE SENATE BILL 5536

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AS AMENDED BY THE HOUSE

Passed Legislature - 2004 Regular Session

State of Washington                      58th Legislature                      2003 Regular Session

By Senate Committee on Judiciary (originally sponsored by Senators Finkbeiner, Reardon, Roach, Hale, Horn, Benton, Morton, Hewitt, Schmidt, Kastama, Sheahan, Mulliken, Johnson, Parlette, Stevens, West and Esser)

READ FIRST TIME 02/21/03.

1            AN ACT Relating to condominiums; amending RCW 64.34.100, 64.34.324,  
2 64.34.425, 64.34.445, 64.34.450, 64.34.452, 64.34.020, 64.34.312, and  
3 64.34.410; adding a new section to chapter 64.34 RCW; adding a new  
4 chapter to Title 64 RCW; creating new sections; and providing an  
5 effective date.

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

7            NEW SECTION.    **Sec. 1.** A new section is added to chapter 64.34 RCW  
8 to read as follows:

9            (1) The legislature finds, declares, and determines that:

10            (a) Washington's cities and counties under the growth management  
11 act are required to encourage urban growth in urban growth areas at  
12 densities that accommodate twenty-year growth projections;

13            (b) The growth management act's planning goals include encouraging  
14 the availability of affordable housing for all residents of the state  
15 and promoting a variety of housing types;

16            (c) Quality condominium construction needs to be encouraged to  
17 achieve growth management act mandated urban densities and to ensure  
18 that residents of the state, particularly in urban growth areas, have  
19 a broad range of ownership choices.

1 (2) It is the intent of the legislature that limited changes be  
2 made to the condominium act to ensure that a broad range of affordable  
3 homeownership opportunities continue to be available to the residents  
4 of the state, and to assist cities' and counties' efforts to achieve  
5 the density mandates of the growth management act.

6 **Sec. 2.** RCW 64.34.100 and 1989 c 43 s 1-113 are each amended to  
7 read as follows:

8 (1) The remedies provided by this chapter shall be liberally  
9 administered to the end that the aggrieved party is put in as good a  
10 position as if the other party had fully performed. However,  
11 consequential, special, or punitive damages may not be awarded except  
12 as specifically provided in this chapter or by other rule of law.

13 (2) Except as otherwise provided in chapter 64.-- RCW (sections 101  
14 through 2002 of this act), any right or obligation declared by this  
15 chapter is enforceable by judicial proceeding.

16 **Sec. 3.** RCW 64.34.324 and 1992 c 220 s 16 are each amended to read  
17 as follows:

18 (1) Unless provided for in the declaration, the bylaws of the  
19 association shall provide for:

20 (a) The number, qualifications, powers and duties, terms of office,  
21 and manner of electing and removing the board of directors and officers  
22 and filling vacancies;

23 (b) Election by the board of directors of such officers of the  
24 association as the bylaws specify;

25 (c) Which, if any, of its powers the board of directors or officers  
26 may delegate to other persons or to a managing agent;

27 (d) Which of its officers may prepare, execute, certify, and record  
28 amendments to the declaration on behalf of the association; (~~and~~)

29 (e) The method of amending the bylaws; and

30 (f) A statement of the standard of care for officers and members of  
31 the board of directors imposed by RCW 64.34.308(1).

32 (2) Subject to the provisions of the declaration, the bylaws may  
33 provide for any other matters the association deems necessary and  
34 appropriate.

35 (3) In determining the qualifications of any officer or director of  
36 the association, notwithstanding the provision of RCW 64.34.020(32) the

1 term "unit owner" in such context shall, unless the declaration or  
2 bylaws otherwise provide, be deemed to include any director, officer,  
3 partner in, or trustee of any person, who is, either alone or in  
4 conjunction with another person or persons, a unit owner. Any officer  
5 or director of the association who would not be eligible to serve as  
6 such if he or she were not a director, officer, partner in, or trustee  
7 of such a person shall be disqualified from continuing in office if he  
8 or she ceases to have any such affiliation with that person, or if that  
9 person would have been disqualified from continuing in such office as  
10 a natural person.

11 **Sec. 4.** RCW 64.34.425 and 1992 c 220 s 23 are each amended to read  
12 as follows:

13 (1) Except in the case of a sale where delivery of a public  
14 offering statement is required, or unless exempt under RCW  
15 64.34.400(2), a unit owner shall furnish to a purchaser before  
16 execution of any contract for sale of a unit, or otherwise before  
17 conveyance, a resale certificate, signed by an officer or authorized  
18 agent of the association and based on the books and records of the  
19 association and the actual knowledge of the person signing the  
20 certificate, containing:

21 (a) A statement disclosing any right of first refusal or other  
22 restraint on the free alienability of the unit contained in the  
23 declaration;

24 (b) A statement setting forth the amount of the monthly common  
25 expense assessment and any unpaid common expense or special assessment  
26 currently due and payable from the selling unit owner and a statement  
27 of any special assessments that have been levied against the unit which  
28 have not been paid even though not yet due;

29 (c) A statement, which shall be current to within forty-five days,  
30 of any common expenses or special assessments against any unit in the  
31 condominium that are past due over thirty days;

32 (d) A statement, which shall be current to within forty-five days,  
33 of any obligation of the association which is past due over thirty  
34 days;

35 (e) A statement of any other fees payable by unit owners;

36 (f) A statement of any anticipated repair or replacement cost in

- 1 excess of five percent of the annual budget of the association that has  
2 been approved by the board of directors;
- 3 (g) A statement of the amount of any reserves for repair or  
4 replacement and of any portions of those reserves currently designated  
5 by the association for any specified projects;
- 6 (h) The annual financial statement of the association, including  
7 the audit report if it has been prepared, for the year immediately  
8 preceding the current year.
- 9 (i) A balance sheet and a revenue and expense statement of the  
10 association prepared on an accrual basis, which shall be current to  
11 within one hundred twenty days;
- 12 (j) The current operating budget of the association;
- 13 (k) A statement of any unsatisfied judgments against the  
14 association and the status of any pending suits or legal proceedings in  
15 which the association is a plaintiff or defendant;
- 16 (l) A statement describing any insurance coverage provided for the  
17 benefit of unit owners;
- 18 (m) A statement as to whether there are any alterations or  
19 improvements to the unit or to the limited common elements assigned  
20 thereto that violate any provision of the declaration;
- 21 (n) A statement of the number of units, if any, still owned by the  
22 declarant, whether the declarant has transferred control of the  
23 association to the unit owners, and the date of such transfer;
- 24 (o) A statement as to whether there are any violations of the  
25 health or building codes with respect to the unit, the limited common  
26 elements assigned thereto, or any other portion of the condominium;
- 27 (p) A statement of the remaining term of any leasehold estate  
28 affecting the condominium and the provisions governing any extension or  
29 renewal thereof; (~~and~~)
- 30 (q) A copy of the declaration, the bylaws, the rules or regulations  
31 of the association, and any other information reasonably requested by  
32 mortgagees of prospective purchasers of units. Information requested  
33 generally by the federal national mortgage association, the federal  
34 home loan bank board, the government national mortgage association, the  
35 veterans administration and the department of housing and urban  
36 development shall be deemed reasonable, provided such information is  
37 reasonably available to the association; and

1       (r) A statement, as required by section 301 of this act, as to  
2 whether the units or common elements of the condominium are covered by  
3 a qualified warranty, and a history of claims under any such warranty.

4       (2) The association, within ten days after a request by a unit  
5 owner, and subject to payment of any fee imposed pursuant to RCW  
6 64.34.304(1)(1), shall furnish a resale certificate signed by an  
7 officer or authorized agent of the association and containing the  
8 information necessary to enable the unit owner to comply with this  
9 section. For the purposes of this chapter, a reasonable charge for the  
10 preparation of a resale certificate may not exceed one hundred fifty  
11 dollars. The association may charge a unit owner a nominal fee for  
12 updating a resale certificate within six months of the unit owner's  
13 request. The unit owner shall also sign the certificate but the unit  
14 owner is not liable to the purchaser for any erroneous information  
15 provided by the association and included in the certificate unless and  
16 to the extent the unit owner had actual knowledge thereof.

17       (3) A purchaser is not liable for any unpaid assessment or fee  
18 against the unit as of the date of the certificate greater than the  
19 amount set forth in the certificate prepared by the association unless  
20 and to the extent such purchaser had actual knowledge thereof. A unit  
21 owner is not liable to a purchaser for the failure or delay of the  
22 association to provide the certificate in a timely manner, but the  
23 purchaser's contract is voidable by the purchaser until the certificate  
24 has been provided and for five days thereafter or until conveyance,  
25 whichever occurs first.

26       **Sec. 5.** RCW 64.34.445 and 1992 c 220 s 26 are each amended to read  
27 as follows:

28       (1) A declarant and any dealer warrants that a unit will be in at  
29 least as good condition at the earlier of the time of the conveyance or  
30 delivery of possession as it was at the time of contracting, reasonable  
31 wear and tear and damage by casualty or condemnation excepted.

32       (2) A declarant and any dealer impliedly warrants that a unit and  
33 the common elements in the condominium are suitable for the ordinary  
34 uses of real estate of its type and that any improvements made or  
35 contracted for by such declarant or dealer will be:

36       (a) Free from defective materials; (~~and~~)

1 (b) Constructed in accordance with sound engineering and  
2 construction standards(~~(, and)~~);

3 (c) Constructed in a workmanlike manner; and

4 (d) Constructed in compliance with all laws then applicable to such  
5 improvements.

6 (3) A declarant and any dealer warrants to a purchaser of a unit  
7 that may be used for residential use that an existing use, continuation  
8 of which is contemplated by the parties, does not violate applicable  
9 law at the earlier of the time of conveyance or delivery of possession.

10 (4) Warranties imposed by this section may be excluded or modified  
11 as specified in RCW 64.34.450.

12 (5) For purposes of this section, improvements made or contracted  
13 for by an affiliate of a declarant, as defined in RCW 64.34.020(1), are  
14 made or contracted for by the declarant.

15 (6) Any conveyance of a unit transfers to the purchaser all of the  
16 declarant's implied warranties of quality.

17 (7) In a judicial proceeding for breach of any of the obligations  
18 arising under this section, the plaintiff must show that the alleged  
19 breach has adversely affected or will adversely affect the performance  
20 of that portion of the unit or common elements alleged to be in breach.  
21 As used in this subsection, an "adverse effect" must be more than  
22 technical and must be significant to a reasonable person. To establish  
23 an adverse effect, the person alleging the breach is not required to  
24 prove that the breach renders the unit or common element uninhabitable  
25 or unfit for its intended purpose.

26 (8) Proof of breach of any obligation arising under this section is  
27 not proof of damages. Damages awarded for a breach of an obligation  
28 arising under this section are the cost of repairs. However, if it is  
29 established that the cost of such repairs is clearly disproportionate  
30 to the loss in market value caused by the breach, then damages shall be  
31 limited to the loss in market value.

32 **Sec. 6.** RCW 64.34.450 and 1989 c 43 s 4-113 are each amended to  
33 read as follows:

34 (1) (~~Except as limited by subsection (2) of this section~~) For  
35 units intended for nonresidential use, implied warranties of quality:

36 (a) May be excluded or modified by written agreement of the  
37 parties; and

1 (b) Are excluded by written expression of disclaimer, such as "as  
2 is," "with all faults," or other language which in common understanding  
3 calls the buyer's attention to the exclusion of warranties.

4 (2) ~~((With respect to a purchaser of a unit that may be occupied))~~  
5 For units intended for residential use, no ~~((general))~~ disclaimer of  
6 implied warranties of quality is effective, ~~((but))~~ except that a  
7 declarant ~~((and any))~~ or dealer may disclaim liability in ~~((an~~  
8 ~~instrument))~~ writing, in type that is bold faced, capitalized,  
9 underlined, or otherwise set out from surrounding material so as to be  
10 conspicuous, and separately signed by the purchaser, for a specified  
11 defect or specified failure to comply with applicable law, if: (a) The  
12 declarant or dealer knows or has reason to know that the specific  
13 defect or failure ~~((entered into and became a part of the basis of the~~  
14 ~~bargain))~~ exists at the time of disclosure; (b) the disclaimer  
15 specifically describes the defect or failure; and (c) the disclaimer  
16 includes a statement as to the effect of the defect or failure.

17 (3) A declarant or dealer may offer an express written warranty of  
18 quality only if the express written warranty does not reduce  
19 protections provided to the purchaser by the implied warranty set forth  
20 in RCW 64.34.445.

21 **Sec. 7.** RCW 64.34.452 and 2002 c 323 s 11 are each amended to read  
22 as follows:

23 (1) A judicial proceeding for breach of any obligations arising  
24 under RCW 64.34.443 ~~((and)),~~ 64.34.445, and 64.34.450 must be commenced  
25 within four years after the cause of action accrues: PROVIDED, That  
26 the period for commencing an action for a breach accruing pursuant to  
27 subsection (2)(b) of this section shall not expire prior to one year  
28 after termination of the period of declarant control, if any, under RCW  
29 64.34.308(4). Such periods may not be reduced by either oral or  
30 written agreement, or through the use of contractual claims or notice  
31 procedures that require the filing or service of any claim or notice  
32 prior to the expiration of the period specified in this section.

33 (2) Subject to subsection (3) of this section, a cause of action or  
34 breach of warranty of quality, regardless of the purchaser's lack of  
35 knowledge of the breach, accrues:

36 (a) As to a unit, the date the purchaser to whom the warranty is



1 first made enters into possession if a possessory interest was conveyed  
2 or the date of acceptance of the instrument of conveyance if a  
3 nonpossessory interest was conveyed; and

4 (b) As to each common element, at the latest of (i) the date the  
5 first unit in the condominium was conveyed to a bona fide purchaser,  
6 (ii) the date the common element was completed, or (iii) the date the  
7 common element was added to the condominium.

8 (3) If a warranty of quality explicitly extends to future  
9 performance or duration of any improvement or component of the  
10 condominium, the cause of action accrues at the time the breach is  
11 discovered or at the end of the period for which the warranty  
12 explicitly extends, whichever is earlier.

13 (4) If a written notice of claim is served under RCW 64.50.020  
14 within the time prescribed for the filing of an action under this  
15 chapter, the statutes of limitation in this chapter and any applicable  
16 statutes of repose for construction-related claims are tolled until  
17 sixty days after the period of time during which the filing of an  
18 action is barred under RCW 64.50.020.

19 (5) Nothing in this section affects the time for filing a claim  
20 under chapter 64.-- RCW (sections 101 through 2002 of this act).

21 NEW SECTION. Sec. 8. (1) A committee is established to study:

22 (a) The required use of independent third-party inspections of  
23 residential condominiums as a way to reduce the problem of water  
24 penetration in residential condominiums; and

25 (b) The use of arbitration or other forms of alternative dispute  
26 resolution to resolve disputes involving alleged breaches of implied or  
27 express warranties under chapter 64.34 RCW.

28 (2) The committee consists of the following members who shall be  
29 persons with experience and expertise in condominium law or condominium  
30 construction:

31 (a) A member, who shall be the chair of the committee, to be  
32 appointed by the governor;

33 (b) Three members to be appointed by the majority leader of the  
34 senate; and

35 (c) Three members to be appointed by the speaker of the house of  
36 representatives.

37 (3) The committee shall:

1 (a) Examine the problem of water penetration of condominiums and  
2 the efficacy of requiring independent third-party inspections of  
3 condominiums, including plan inspection and inspection during  
4 construction, as a way to reduce the problem of water penetration;

5 (b) Examine issues relating to alternative dispute resolution,  
6 including but not limited to:

7 (i) When and how the decision to use alternative dispute resolution  
8 is made;

9 (ii) The procedures to be used in an alternative dispute  
10 resolution;

11 (iii) The nature of the right of appeal from an alternative dispute  
12 resolution decision; and

13 (iv) The allocation of costs and fees associated with an  
14 alternative dispute resolution proceeding or appeal;

15 (c) Deliver to the judiciary committees of the senate and house of  
16 representatives, not later than December 31, 2004, a report of the  
17 findings and conclusions of the committee, and any proposed legislation  
18 implementing third-party water penetration inspections or providing for  
19 alternative dispute resolution for warranty issues.

20 **Sec. 9.** RCW 64.34.020 and 1992 c 220 s 2 are each amended to read  
21 as follows:

22 In the declaration and bylaws, unless specifically provided  
23 otherwise or the context requires otherwise, and in this chapter:

24 (1) "Affiliate (~~of a declarant~~)" means any person who controls,  
25 is controlled by, or is under common control with (~~a declarant~~) the  
26 referenced person. A person "controls" (~~a declarant~~) another person  
27 if the person: (a) Is a general partner, officer, director, or  
28 employer of the (~~declarant~~) referenced person; (b) directly or  
29 indirectly or acting in concert with one or more other persons, or  
30 through one or more subsidiaries, owns, controls, holds with power to  
31 vote, or holds proxies representing, more than twenty percent of the  
32 voting interest in the (~~declarant~~) referenced person; (c) controls in  
33 any manner the election of a majority of the directors of the  
34 (~~declarant~~) referenced person; or (d) has contributed more than  
35 twenty percent of the capital of the (~~declarant~~) referenced person.  
36 A person "is controlled by" (~~a declarant~~) another person if the  
37 (~~declarant~~) other person: (i) Is a general partner, officer,

1 director, or employer of the person; (ii) directly or indirectly or  
2 acting in concert with one or more other persons, or through one or  
3 more subsidiaries, owns, controls, holds with power to vote, or holds  
4 proxies representing, more than twenty percent of the voting interest  
5 in the person; (iii) controls in any manner the election of a majority  
6 of the directors of the person; or (iv) has contributed more than  
7 twenty percent of the capital of the person. Control does not exist if  
8 the powers described in this subsection are held solely as security for  
9 an obligation and are not exercised.

10 (2) "Allocated interests" means the undivided interest in the  
11 common elements, the common expense liability, and votes in the  
12 association allocated to each unit.

13 (3) "Assessment" means all sums chargeable by the association  
14 against a unit including, without limitation: (a) Regular and special  
15 assessments for common expenses, charges, and fines imposed by the  
16 association; (b) interest and late charges on any delinquent account;  
17 and (c) costs of collection, including reasonable attorneys' fees,  
18 incurred by the association in connection with the collection of a  
19 delinquent owner's account.

20 (4) "Association" or "unit owners' association" means the unit  
21 owners' association organized under RCW 64.34.300.

22 (5) "Board of directors" means the body, regardless of name, with  
23 primary authority to manage the affairs of the association.

24 (6) "Common elements" means all portions of a condominium other  
25 than the units.

26 (7) "Common expenses" means expenditures made by or financial  
27 liabilities of the association, together with any allocations to  
28 reserves.

29 (8) "Common expense liability" means the liability for common  
30 expenses allocated to each unit pursuant to RCW 64.34.224.

31 (9) "Condominium" means real property, portions of which are  
32 designated for separate ownership and the remainder of which is  
33 designated for common ownership solely by the owners of those portions.  
34 Real property is not a condominium unless the undivided interests in  
35 the common elements are vested in the unit owners, and unless a  
36 declaration and a survey map and plans have been recorded pursuant to  
37 this chapter.

1 (10) "Conversion condominium" means a condominium (a) that at any  
2 time before creation of the condominium was lawfully occupied wholly or  
3 partially by a tenant or subtenant for residential purposes pursuant to  
4 a rental agreement, oral or written, express or implied, for which the  
5 tenant or subtenant had not received the notice described in (b) of  
6 this subsection; or (b) that, at any time within twelve months before  
7 the conveyance of, or acceptance of an agreement to convey, any unit  
8 therein other than to a declarant or any affiliate of a declarant, was  
9 lawfully occupied wholly or partially by a residential tenant of a  
10 declarant or an affiliate of a declarant and such tenant was not  
11 notified in writing, prior to lawfully occupying a unit or executing a  
12 rental agreement, whichever event first occurs, that the unit was part  
13 of a condominium and subject to sale. "Conversion condominium" shall  
14 not include a condominium in which, before July 1, 1990, any unit  
15 therein had been conveyed or been made subject to an agreement to  
16 convey to any transferee other than a declarant or an affiliate of a  
17 declarant.

18 (11) "Conveyance" means any transfer of the ownership of a unit,  
19 including a transfer by deed or by real estate contract and, with  
20 respect to a unit in a leasehold condominium, a transfer by lease or  
21 assignment thereof, but shall not include a transfer solely for  
22 security.

23 (12) "Dealer" means a person who, together with such person's  
24 affiliates, owns or has a right to acquire either six or more units in  
25 a condominium or fifty percent or more of the units in a condominium  
26 containing more than two units.

27 (13) "Declarant" means (~~(any person or group of persons acting in~~  
28 ~~concert who)~~):

29 (a) Any person who executes as declarant a declaration as defined  
30 in subsection (15) of this section(~~(7)~~); or

31 (b) (~~reserves or succeeds to any special declarant right under~~)  
32 Any person who reserves any special declarant right in the declaration;  
33 or

34 (c) Any person who exercises special declarant rights or to whom  
35 special declarant rights are transferred; or

36 (d) Any person who is the owner of a fee interest in the real  
37 property which is subjected to the declaration at the time of the  
38 recording of an instrument pursuant to RCW 64.34.316 and who directly

1 or through one or more affiliates is materially involved in the  
2 construction, marketing, or sale of units in the condominium created by  
3 the recording of the instrument.

4 (14) "Declarant control" means the right of the declarant or  
5 persons designated by the declarant to appoint and remove officers and  
6 members of the board of directors, or to veto or approve a proposed  
7 action of the board or association, pursuant to RCW 64.34.308 (4) or  
8 (5).

9 (15) "Declaration" means the document, however denominated, that  
10 creates a condominium by setting forth the information required by RCW  
11 64.34.216 and any amendments to that document.

12 (16) "Development rights" means any right or combination of rights  
13 reserved by a declarant in the declaration to: (a) Add real property  
14 or improvements to a condominium; (b) create units, common elements, or  
15 limited common elements within real property included or added to a  
16 condominium; (c) subdivide units or convert units into common elements;  
17 (d) withdraw real property from a condominium; or (e) reallocate  
18 limited common elements with respect to units that have not been  
19 conveyed by the declarant.

20 (17) "Dispose" or "disposition" means a voluntary transfer or  
21 conveyance to a purchaser or lessee of any legal or equitable interest  
22 in a unit, but does not include the transfer or release of a security  
23 interest.

24 (18) "Eligible mortgagee" means the holder of a mortgage on a unit  
25 that has filed with the secretary of the association a written request  
26 that it be given copies of notices of any action by the association  
27 that requires the consent of mortgagees.

28 (19) "Foreclosure" means a forfeiture or judicial or nonjudicial  
29 foreclosure of a mortgage or a deed in lieu thereof.

30 (20) "Identifying number" means the designation of each unit in a  
31 condominium.

32 (21) "Leasehold condominium" means a condominium in which all or a  
33 portion of the real property is subject to a lease, the expiration or  
34 termination of which will terminate the condominium or reduce its size.

35 (22) "Limited common element" means a portion of the common  
36 elements allocated by the declaration or by operation of RCW 64.34.204  
37 (2) or (4) for the exclusive use of one or more but fewer than all of  
38 the units.

1 (23) "Master association" means an organization described in RCW  
2 64.34.276, whether or not it is also an association described in RCW  
3 64.34.300.

4 (24) "Mortgage" means a mortgage, deed of trust or real estate  
5 contract.

6 (25) "Person" means a natural person, corporation, partnership,  
7 limited partnership, trust, governmental subdivision or agency, or  
8 other legal entity.

9 (26) "Purchaser" means any person, other than a declarant or a  
10 dealer, who by means of a disposition acquires a legal or equitable  
11 interest in a unit other than (a) a leasehold interest, including  
12 renewal options, of less than twenty years at the time of creation of  
13 the unit, or (b) as security for an obligation.

14 (27) "Real property" means any fee, leasehold or other estate or  
15 interest in, over, or under land, including structures, fixtures, and  
16 other improvements thereon and easements, rights and interests  
17 appurtenant thereto which by custom, usage, or law pass with a  
18 conveyance of land although not described in the contract of sale or  
19 instrument of conveyance. "Real property" includes parcels, with or  
20 without upper or lower boundaries, and spaces that may be filled with  
21 air or water.

22 (28) "Residential purposes" means use for dwelling or recreational  
23 purposes, or both.

24 (29) "Special declarant rights" means rights reserved for the  
25 benefit of a declarant to: (a) Complete improvements indicated on  
26 survey maps and plans filed with the declaration under RCW 64.34.232;  
27 (b) exercise any development right under RCW 64.34.236; (c) maintain  
28 sales offices, management offices, signs advertising the condominium,  
29 and models under RCW 64.34.256; (d) use easements through the common  
30 elements for the purpose of making improvements within the condominium  
31 or within real property which may be added to the condominium under RCW  
32 64.34.260; (e) make the condominium part of a larger condominium or a  
33 development under RCW 64.34.280; (f) make the condominium subject to a  
34 master association under RCW 64.34.276; or (g) appoint or remove any  
35 officer of the association or any master association or any member of  
36 the board of directors, or to veto or approve a proposed action of the  
37 board or association, during any period of declarant control under RCW  
38 64.34.308(4).

1 (30) "Timeshare" shall have the meaning specified in the timeshare  
2 act, RCW 64.36.010(11).

3 (31) "Unit" means a physical portion of the condominium designated  
4 for separate ownership, the boundaries of which are described pursuant  
5 to RCW 64.34.216(1)(d). "Separate ownership" includes leasing a unit  
6 in a leasehold condominium under a lease that expires contemporaneously  
7 with any lease, the expiration or termination of which will remove the  
8 unit from the condominium.

9 (32) "Unit owner" means a declarant or other person who owns a unit  
10 or leases a unit in a leasehold condominium under a lease that expires  
11 simultaneously with any lease, the expiration or termination of which  
12 will remove the unit from the condominium, but does not include a  
13 person who has an interest in a unit solely as security for an  
14 obligation. "Unit owner" means the vendee, not the vendor, of a unit  
15 under a real estate contract.

16 **Sec. 10.** RCW 64.34.312 and 1989 c 43 s 3-104 are each amended to  
17 read as follows:

18 (1) Within sixty days after the termination of the period of  
19 declarant control provided in RCW 64.34.308(4) or, in the absence of  
20 such period, within sixty days after the first conveyance of a unit in  
21 the condominium, the declarant shall deliver to the association all  
22 property of the unit owners and of the association held or controlled  
23 by the declarant including, but not limited to:

24 (a) The original or a photocopy of the recorded declaration and  
25 each amendment to the declaration;

26 (b) The certificate of incorporation and a copy or duplicate  
27 original of the articles of incorporation of the association as filed  
28 with the secretary of state;

29 (c) The bylaws of the association;

30 (d) The minute books, including all minutes, and other books and  
31 records of the association;

32 (e) Any rules and regulations that have been adopted;

33 (f) Resignations of officers and members of the board who are  
34 required to resign because the declarant is required to relinquish  
35 control of the association;

36 (g) The financial records, including canceled checks, bank

1 statements, and financial statements of the association, and source  
2 documents from the time of incorporation of the association through the  
3 date of transfer of control to the unit owners;

4 (h) Association funds or the control of the funds of the  
5 association;

6 (i) All tangible personal property of the association, represented  
7 by the declarant to be the property of the association or ostensibly  
8 the property of the association, and an inventory of the property;

9 (j) Except for alterations to a unit done by a unit owner other  
10 than the declarant, a copy of the declarant's plans and specifications  
11 utilized in the construction or remodeling of the condominium, with a  
12 certificate of the declarant or a licensed architect or engineer that  
13 the plans and specifications represent, to the best of their knowledge  
14 and belief, the actual plans and specifications utilized by the  
15 declarant in the construction or remodeling of the condominium;

16 (k) Insurance policies or copies thereof for the condominium and  
17 association;

18 (l) Copies of any certificates of occupancy that may have been  
19 issued for the condominium;

20 (m) Any other permits issued by governmental bodies applicable to  
21 the condominium in force or issued within one year before the date of  
22 transfer of control to the unit owners;

23 (n) All written warranties that are still in effect for the common  
24 elements, or any other areas or facilities which the association has  
25 the responsibility to maintain and repair, from the contractor,  
26 subcontractors, suppliers, and manufacturers and all owners' manuals or  
27 instructions furnished to the declarant with respect to installed  
28 equipment or building systems;

29 (o) A roster of unit owners and eligible mortgagees and their  
30 addresses and telephone numbers, if known, as shown on the declarant's  
31 records and the date of closing of the first sale of each unit sold by  
32 the declarant;

33 (p) Any leases of the common elements or areas and other leases to  
34 which the association is a party;

35 (q) Any employment contracts or service contracts in which the  
36 association is one of the contracting parties or service contracts in  
37 which the association or the unit owners have an obligation or a



1 responsibility, directly or indirectly, to pay some or all of the fee  
2 or charge of the person performing the service; (~~and~~)

3 (r) A copy of any qualified warranty issued to the association as  
4 provided for in section 1001 of this act; and

5 (s) All other contracts to which the association is a party.

6 (2) Upon the transfer of control to the unit owners, the records of  
7 the association shall be audited as of the date of transfer by an  
8 independent certified public accountant in accordance with generally  
9 accepted auditing standards unless the unit owners, other than the  
10 declarant, by two-thirds vote elect to waive the audit. The cost of  
11 the audit shall be a common expense unless otherwise provided in the  
12 declaration. The accountant performing the audit shall examine  
13 supporting documents and records, including the cash disbursements and  
14 related paid invoices, to determine if expenditures were for  
15 association purposes and the billings, cash receipts, and related  
16 records to determine if the declarant was charged for and paid the  
17 proper amount of assessments.

18 **Sec. 11.** RCW 64.34.410 and 2002 c 323 s 10 are each amended to  
19 read as follows:

20 (1) A public offering statement shall contain the following  
21 information:

22 (a) The name and address of the condominium;

23 (b) The name and address of the declarant;

24 (c) The name and address of the management company, if any;

25 (d) The relationship of the management company to the declarant, if  
26 any;

27 (e) A list of up to the five most recent condominium projects  
28 completed by the declarant or an affiliate of the declarant within the  
29 past five years, including the names of the condominiums, their  
30 addresses, and the number of existing units in each. For the purpose  
31 of this section, a condominium is "completed" when any one unit therein  
32 has been rented or sold;

33 (f) The nature of the interest being offered for sale;

34 (g) A brief description of the permitted uses and use restrictions  
35 pertaining to the units and the common elements;

36 (h) A brief description of the restrictions, if any, on the renting

1 or leasing of units by the declarant or other unit owners, together  
2 with the rights, if any, of the declarant to rent or lease at least a  
3 majority of units;

4 (i) The number of existing units in the condominium and the maximum  
5 number of units that may be added to the condominium;

6 (j) A list of the principal common amenities in the condominium  
7 which materially affect the value of the condominium and those that  
8 will or may be added to the condominium;

9 (k) A list of the limited common elements assigned to the units  
10 being offered for sale;

11 (l) The identification of any real property not in the condominium,  
12 the owner of which has access to any of the common elements, and a  
13 description of the terms of such access;

14 (m) The identification of any real property not in the condominium  
15 to which unit owners have access and a description of the terms of such  
16 access;

17 (n) The status of construction of the units and common elements,  
18 including estimated dates of completion if not completed;

19 (o) The estimated current common expense liability for the units  
20 being offered;

21 (p) An estimate of any payment with respect to the common expense  
22 liability for the units being offered which will be due at closing;

23 (q) The estimated current amount and purpose of any fees not  
24 included in the common expenses and charged by the declarant or the  
25 association for the use of any of the common elements;

26 (r) Any assessments which have been agreed to or are known to the  
27 declarant and which, if not paid, may constitute a lien against any  
28 units or common elements in favor of any governmental agency;

29 (s) The identification of any parts of the condominium, other than  
30 the units, which any individual owner will have the responsibility for  
31 maintaining;

32 (t) If the condominium involves a conversion condominium, the  
33 information required by RCW 64.34.415;

34 (u) Whether timesharing is restricted or prohibited, and if  
35 restricted, a general description of such restrictions;

36 (v) A list of all development rights reserved to the declarant and  
37 all special declarant rights reserved to the declarant, together with

1 the dates such rights must terminate, and a copy of or reference by  
2 recording number to any recorded transfer of a special declarant right;

3 (w) A description of any material differences in terms of  
4 furnishings, fixtures, finishes, and equipment between any model unit  
5 available to the purchaser at the time the agreement for sale is  
6 executed and the unit being offered;

7 (x) Any liens on real property to be conveyed to the association  
8 required to be disclosed pursuant to RCW 64.34.435(2)(b);

9 (y) A list of any physical hazards known to the declarant which  
10 particularly affect the condominium or the immediate vicinity in which  
11 the condominium is located and which are not readily ascertainable by  
12 the purchaser;

13 (z) A brief description of any construction warranties to be  
14 provided to the purchaser;

15 (aa) Any building code violation citations received by the  
16 declarant in connection with the condominium which have not been  
17 corrected;

18 (bb) A statement of any unsatisfied judgments or pending suits  
19 against the association, a statement of the status of any pending suits  
20 material to the condominium of which the declarant has actual  
21 knowledge, and a statement of any litigation brought by an owners'  
22 association, unit owner, or governmental entity in which the declarant  
23 or any affiliate of the declarant has been a defendant, arising out of  
24 the construction, sale, or administration of any condominium within the  
25 previous five years, together with the results thereof, if known;

26 (cc) Any rights of first refusal to lease or purchase any unit or  
27 any of the common elements;

28 (dd) The extent to which the insurance provided by the association  
29 covers furnishings, fixtures, and equipment located in the unit;

30 (ee) A notice which describes a purchaser's right to cancel the  
31 purchase agreement or extend the closing under RCW 64.34.420, including  
32 applicable time frames and procedures;

33 (ff) Any reports or statements required by RCW 64.34.415 or  
34 64.34.440(6)(a). RCW 64.34.415 shall apply to the public offering  
35 statement of a condominium in connection with which a final certificate  
36 of occupancy was issued more than sixty calendar months prior to the  
37 preparation of the public offering statement whether or not the

1 condominium is a conversion condominium as defined in RCW  
2 64.34.020(10);

3 (gg) A list of the documents which the prospective purchaser is  
4 entitled to receive from the declarant before the rescission period  
5 commences;

6 (hh) A notice which states: A purchaser may not rely on any  
7 representation or express warranty unless it is contained in the public  
8 offering statement or made in writing signed by the declarant or by any  
9 person identified in the public offering statement as the declarant's  
10 agent;

11 (ii) A notice which states: This public offering statement is only  
12 a summary of some of the significant aspects of purchasing a unit in  
13 this condominium and the condominium documents are complex, contain  
14 other important information, and create binding legal obligations. You  
15 should consider seeking the assistance of legal counsel;

16 (jj) Any other information and cross-references which the declarant  
17 believes will be helpful in describing the condominium to the  
18 recipients of the public offering statement, all of which may be  
19 included or not included at the option of the declarant;

20 (kk) A notice that addresses compliance or noncompliance with the  
21 housing for older persons act of 1995, P.L. 104-76, as enacted on  
22 December 28, 1995; (~~and~~)

23 (ll) A notice that is substantially in the form required by RCW  
24 64.50.050; and

25 (mm) A statement, as required by section 301 of this act, as to  
26 whether the units or common elements of the condominium are covered by  
27 a qualified warranty, and a history of claims under any such warranty.

28 (2) The public offering statement shall include copies of each of  
29 the following documents: The declaration, the survey map and plans,  
30 the articles of incorporation of the association, bylaws of the  
31 association, rules and regulations, if any, current or proposed budget  
32 for the association, and the balance sheet of the association current  
33 within ninety days if assessments have been collected for ninety days  
34 or more.

35 If any of the foregoing documents listed in this subsection are not  
36 available because they have not been executed, adopted, or recorded,  
37 drafts of such documents shall be provided with the public offering

1 statement, and, before closing the sale of a unit, the purchaser shall  
2 be given copies of any material changes between the draft of the  
3 proposed documents and the final documents.

4 (3) The disclosures required by subsection (1)(g), (k), (s), (u),  
5 (v), and (cc) of this section shall also contain a reference to  
6 specific sections in the condominium documents which further explain  
7 the information disclosed.

8 (4) The disclosures required by subsection (1)(ee), (hh), (ii), and  
9 (ll) of this section shall be located at the top of the first page of  
10 the public offering statement and be typed or printed in ten-point bold  
11 face type size.

12 (5) A declarant shall promptly amend the public offering statement  
13 to reflect any material change in the information required by this  
14 section.

15 NEW SECTION. **Sec. 12.** Sections 5 and 6 of this act apply only to  
16 condominiums created by declarations recorded on or after July 1, 2004.

17 NEW SECTION. **Sec. 13.** If any provision of this act or its  
18 application to any person or circumstance is held invalid, the  
19 remainder of the act or the application of the provision to other  
20 persons or circumstances is not affected.

21 NEW SECTION. **Sec. 14.** Sections 1 through 13 of this act take  
22 effect July 1, 2004.

## 23 **ARTICLE 1**

### 24 **GENERAL PROVISIONS**

25 NEW SECTION. **Sec. 101.** DEFINITIONS. The definitions in this  
26 section apply throughout this chapter unless the context clearly  
27 requires otherwise.

28 (1) "Affiliate" has the meaning in RCW 64.34.020.

29 (2) "Association" has the meaning in RCW 64.34.020.

30 (3) "Building envelope" means the assemblies, components, and  
31 materials of a building that are intended to separate and protect the  
32 interior space of the building from the adverse effects of exterior  
33 climatic conditions.

1 (4) "Common element" has the meaning in RCW 64.34.020.  
2 (5) "Condominium" has the meaning in RCW 64.34.020.  
3 (6) "Construction professional" has the meaning in RCW 64.50.010.  
4 (7) "Conversion condominium" has the meaning in RCW 64.34.020.  
5 (8) "Declarant" has the meaning in RCW 64.34.020.  
6 (9) "Declarant control" has the meaning in RCW 64.34.020.  
7 (10) "Defect" means any aspect of a condominium unit or common  
8 element which constitutes a breach of the implied warranties set forth  
9 in RCW 64.34.445.  
10 (11) "Limited common element" has the meaning in RCW 64.34.020.  
11 (12) "Material" means substantive, not simply formal; significant  
12 to a reasonable person; not trivial or insignificant. When used with  
13 respect to a particular construction defect, "material" does not  
14 require that the construction defect render the unit or common element  
15 unfit for its intended purpose or uninhabitable.  
16 (13) "Mediation" means a collaborative process in which two or more  
17 parties meet and attempt, with the assistance of a mediator, to resolve  
18 issues in dispute between them.  
19 (14) "Mediation session" means a meeting between two or more  
20 parties to a dispute during which they are engaged in mediation.  
21 (15) "Mediator" means a neutral and impartial facilitator with no  
22 decision-making power who assists parties in negotiating a mutually  
23 acceptable settlement of issues in dispute between them.  
24 (16) "Person" has the meaning in RCW 64.34.020.  
25 (17) "Public offering statement" has the meaning in RCW 64.34.410.  
26 (18) "Qualified insurer" means an entity that holds a certificate  
27 of authority under RCW 48.05.030, or an eligible insurer under chapter  
28 48.15 RCW.  
29 (19) "Qualified warranty" means an insurance policy issued by a  
30 qualified insurer that complies with the requirements of this chapter.  
31 A qualified warranty includes coverage for repair of physical damage  
32 caused by the defects covered by the qualified warranty, except to the  
33 extent of any exclusions and limitations under this chapter.  
34 (20) "Resale certificate" means the statement to be delivered by  
35 the association under RCW 64.34.425.  
36 (21) "Transition date" means the date on which the declarant is  
37 required to deliver to the association the property of the association  
38 under RCW 64.34.312.

1 (22) "Unit" has the meaning in RCW 64.34.020.

2 (23) "Unit owner" has the meaning in RCW 64.34.020.

3 **ARTICLE 2**

4 **EXCLUSIVE REMEDY AND PROCEDURE**

5 **IN CASES WHERE A QUALIFIED WARRANTY IS PROVIDED**

6 NEW SECTION. **Sec. 201.** No declarant, affiliate of a declarant, or  
7 construction professional is liable to a unit owner or an association  
8 for damages awarded for repair of construction defects and resulting  
9 physical damage, and chapter 64.50 RCW shall not apply if: (1) Every  
10 unit is the subject of a qualified warranty; and (2) the association  
11 has been issued a qualified warranty with respect to the common  
12 elements. If a construction professional agrees on terms satisfactory  
13 to the qualified insurer to partially or fully indemnify the qualified  
14 insurer with respect to a defect caused by the construction  
15 professional, the liability of the construction professional for the  
16 defect and resulting physical damage caused by him or her shall not  
17 exceed damages recoverable under the terms of the qualified warranty  
18 for the defect. Any indemnity claim by the qualified insurer shall be  
19 by separate action or arbitration, and no unit owner or association  
20 shall be joined therein. A qualified warranty may also be provided in  
21 the case of improvements made or contracted for by a declarant as part  
22 of a conversion condominium, and in such case, declarant's liability  
23 with respect to such improvements shall be limited as set forth in this  
24 section.

25 **ARTICLE 3**

26 **DISCLOSURE**

27 NEW SECTION. **Sec. 301.** (1) Every public offering statement and  
28 resale certificate shall affirmatively state whether or not the unit  
29 and/or the common elements are covered by a qualified warranty, and  
30 shall provide to the best knowledge of the person preparing the public  
31 offering statement or resale certificate a history of claims under the  
32 warranty.

33 (2) The history of claims must include, for each claim, not less

1 than the following information for the unit and/or the common elements,  
2 as applicable, to the best knowledge of the person providing the  
3 information:

- 4 (a) The type of claim that was made;
- 5 (b) The resolution of the claim;
- 6 (c) The type of repair performed;
- 7 (d) The date of the repair;
- 8 (e) The cost of the repair; and
- 9 (f) The name of the person or entity who performed the repair.

10 **ARTICLE 4**

11 **MINIMUM COVERAGE STANDARDS FOR QUALIFIED WARRANTIES**

12 NEW SECTION. **Sec. 401.** TWO-YEAR MATERIALS AND LABOR WARRANTY.

13 (1) The minimum coverage for the two-year materials and labor warranty  
14 is:

15 (a) In the first twelve months, for other than the common elements,  
16 (i) coverage for any defect in materials and labor; and (ii) subject to  
17 subsection (2) of this section, coverage for a violation of the  
18 building code;

19 (b) In the first fifteen months, for the common elements, (i)  
20 coverage for any defect in materials and labor; and (ii) subject to  
21 subsection (2) of this section, coverage for a violation of the  
22 building code;

23 (c) In the first twenty-four months, (i) coverage for any defect in  
24 materials and labor supplied for the electrical, plumbing, heating,  
25 ventilation, and air conditioning delivery and distribution systems;  
26 (ii) coverage for any defect in materials and labor supplied for the  
27 exterior cladding, caulking, windows, and doors that may lead to  
28 detachment or material damage to the unit or common elements; (iii)  
29 coverage for any defect in materials and labor which renders the unit  
30 unfit to live in; and (iv) subject to subsection (2) of this section,  
31 coverage for a violation of the building code.

32 (2) Noncompliance with the building code is considered a defect  
33 covered by a qualified warranty if the noncompliance:

- 34 (a) Constitutes an unreasonable health or safety risk; or
- 35 (b) Has resulted in, or is likely to result in, material damage to  
36 the unit or common elements.



1        NEW SECTION.    **Sec. 402.**    FIVE-YEAR BUILDING ENVELOPE WARRANTY.    The  
2    minimum coverage for the building envelope warranty is five years for  
3    defects in the building envelope of a condominium, including a defect  
4    which permits unintended water penetration so that it causes, or is  
5    likely to cause, material damage to the unit or common elements.

6        NEW SECTION.    **Sec. 403.**    TEN-YEAR STRUCTURAL DEFECTS WARRANTY.    The  
7    minimum coverage for the structural defects warranty is ten years for:

8        (1) Any defect in materials and labor that results in the failure  
9    of a load-bearing part of the condominium; and

10       (2) Any defect which causes structural damage that materially and  
11    adversely affects the use of the condominium for residential occupancy.

12       NEW SECTION.    **Sec. 404.**    BEGINNING DATES FOR WARRANTY COVERAGE.

13       (1) For the unit, the beginning date of the qualified warranty coverage  
14    is the earlier of:

15       (a) Actual occupancy of the unit; or

16       (b) Transfer of legal title to the unit.

17       (2) For the common elements, the beginning date of a qualified  
18    warranty is the date a temporary or final certificate of occupancy is  
19    issued for the common elements in each separate multiunit building,  
20    comprised by the condominium.

21       NEW SECTION.    **Sec. 405.**    BEGINNING DATES FOR SPECIAL CASES;  
22    DECLARANT CONTROL.    (1) If an unsold unit is occupied as a rental unit,  
23    the qualified warranty beginning date for such unit is the date the  
24    unit is first occupied.

25       (2) If the declarant subsequently offers to sell a unit which is  
26    rented, the declarant must disclose, in writing, to each prospective  
27    purchaser, the date on which the qualified warranty expires.

28       (3) If the declarant retains any declarant control over the  
29    association on the date that is fourteen full calendar months following  
30    the month in which the beginning date for common element warranty  
31    coverage commences, the declarant shall within thirty days thereafter  
32    cause an election to be held in which the declarant may not vote, for  
33    the purpose of electing one or more board members who are empowered to  
34    make warranty claims.    If at such time, one or more independent board  
35    members hold office, no additional election need be held, and such

1 independent board members are empowered to make warranty claims. The  
2 declarant shall inform all independent board members of their right to  
3 make warranty claims at no later than sixteen full calendar months  
4 following the beginning date of the common element warranty.

5 NEW SECTION. **Sec. 406.** LIVING EXPENSE ALLOWANCE. (1) If repairs  
6 are required under the qualified warranty and damage to the unit, or  
7 the extent of the repairs renders the unit uninhabitable, the qualified  
8 warranty must cover reasonable living expenses incurred by the owner to  
9 live elsewhere in an amount commensurate with the nature of the unit.

10 (2) If a qualified insurer establishes a maximum amount per day for  
11 claims for living expenses, the limit must be the greater of one  
12 hundred dollars per day or a reasonable amount commensurate with the  
13 nature of the unit for the complete reimbursement of the actual  
14 accommodation expenses incurred by the owner at a hotel, motel, or  
15 other rental accommodation up to the day the unit is ready for  
16 occupancy, subject to the owner receiving twenty-four hours' advance  
17 notice.

18 NEW SECTION. **Sec. 407.** WARRANTY ON REPAIRS AND REPLACEMENTS. (1)  
19 All repairs and replacements made under a qualified warranty must be  
20 warranted by the qualified warranty against defects in materials and  
21 labor until the later of:

22 (a) The first anniversary of the date of completion of the repair  
23 or replacement; or

24 (b) The expiration of the applicable qualified warranty coverage.

25 (2) All repairs and replacements made under a qualified warranty  
26 must be completed in a reasonable manner using materials and labor  
27 conforming to the building code and industry standards.

28 **ARTICLE 5**

29 **PERMITTED TERMS FOR QUALIFIED WARRANTIES**

30 NEW SECTION. **Sec. 501.** A qualified insurer may include any of the  
31 following provisions in a qualified warranty:

32 (1) If the qualified insurer makes a payment or assumes liability  
33 for any payment or repair under a qualified warranty, the owner and  
34 association must fully support and assist the qualified insurer in

1 pursuing any rights that the qualified insurer may have against the  
2 declarant, and any construction professional that has contractual or  
3 common law obligations to the declarant, whether such rights arose by  
4 contract, subrogation, or otherwise.

5 (2) Warranties or representations made by a declarant which are in  
6 addition to the warranties set forth in this chapter are not binding on  
7 the qualified insurer unless and to the extent specifically provided in  
8 the text of the warranty; and disclaimers of specific defects made by  
9 agreement between the declarant and the unit purchaser under RCW  
10 64.34.450 act as an exclusion of the specified defect from the warranty  
11 coverage.

12 (3) An owner and the association must permit the qualified insurer  
13 or declarant, or both, to enter the unit at reasonable times, after  
14 reasonable notice to the owner and the association:

- 15 (a) To monitor the unit or its components;
- 16 (b) To inspect for required maintenance;
- 17 (c) To investigate complaints or claims; or
- 18 (d) To undertake repairs under the qualified warranty.

19 If any reports are produced as a result of any of the activities  
20 referred to in (a) through (d) of this subsection, the reports must be  
21 provided to the owner and the association.

22 (4) An owner and the association must provide to the qualified  
23 insurer all information and documentation that the owner and the  
24 association have available, as reasonably required by the qualified  
25 insurer to investigate a claim or maintenance requirement, or to  
26 undertake repairs under the qualified warranty.

27 (5) To the extent any damage to a unit is caused or made worse by  
28 the unreasonable refusal of the association, or an owner or occupant to  
29 permit the qualified insurer or declarant access to the unit for the  
30 reasons in subsection (3) of this section, or to provide the  
31 information required by subsection (4) of this section, that damage is  
32 excluded from the qualified warranty.

33 (6) In any claim under a qualified warranty issued to the  
34 association, the association shall have the sole right to prosecute and  
35 settle any claim with respect to the common elements.

36 **ARTICLE 6**

1                   **PERMITTED EXCLUSIONS FROM QUALIFIED WARRANTIES--GENERAL**

2           NEW SECTION.   **Sec. 601.** (1) A qualified insurer may exclude from  
3 a qualified warranty:

4           (a) Landscaping, both hard and soft, including plants, fencing,  
5 detached patios, planters not forming a part of the building envelope,  
6 gazebos, and similar structures;

7           (b) Any commercial use area and any construction associated with a  
8 commercial use area;

9           (c) Roads, curbs, and lanes;

10          (d) Subject to subsection (2) of this section, site grading and  
11 surface drainage except as required by the building code;

12          (e) Municipal services operation, including sanitary and storm  
13 sewer;

14          (f) Septic tanks or septic fields;

15          (g) The quality or quantity of water, from either a piped municipal  
16 water supply or a well;

17          (h) A water well, but excluding equipment installed for the  
18 operation of a water well used exclusively for a unit, which equipment  
19 is part of the plumbing system for that unit for the purposes of the  
20 qualified warranty.

21          (2) The exclusions permitted by subsection (1) of this section do  
22 not include any of the following:

23           (a) A driveway or walkway;

24           (b) Recreational and amenity facilities situated in, or included as  
25 the common property of, a unit;

26           (c) A parking structure in a multiunit building;

27           (d) A retaining wall that:

28           (i) An authority with jurisdiction requires to be designed by a  
29 professional engineer; or

30           (ii) Is reasonably required for the direct support of, or retaining  
31 soil away from, a unit, driveway, or walkway.

32                                   **ARTICLE 7**

33                                   **PERMITTED EXCLUSIONS--DEFECTS**

34           NEW SECTION.   **Sec. 701.** A qualified insurer may exclude any or all  
35 of the following items from a qualified warranty:

- 1 (1) Weathering, normal wear and tear, deterioration, or deflection  
2 consistent with normal industry standards;
- 3 (2) Normal shrinkage of materials caused by drying after  
4 construction;
- 5 (3) Any loss or damage which arises while a unit is being used  
6 primarily or substantially for nonresidential purposes;
- 7 (4) Materials, labor, or design supplied by an owner;
- 8 (5) Any damage to the extent caused or made worse by an owner or  
9 third party, including:
- 10 (a) Negligent or improper maintenance or improper operation by  
11 anyone other than the declarant or its employees, agents, or  
12 subcontractors;
- 13 (b) Failure of anyone, other than the declarant or its employees,  
14 agents, or subcontractors, to comply with the warranty requirements of  
15 the manufacturers of appliances, equipment, or fixtures;
- 16 (c) Alterations to the unit, including converting nonliving space  
17 into living space or converting a unit into two or more units, by  
18 anyone other than the declarant or its employees, agents, or  
19 subcontractors while undertaking their obligations under the sales  
20 contract; and
- 21 (d) Changes to the grading of the ground by anyone other than the  
22 declarant or its employees, agents, or subcontractors;
- 23 (6) An owner failing to take timely action to prevent or minimize  
24 loss or damage, including failing to give prompt notice to the  
25 qualified insurer of a defect or discovered loss, or a potential defect  
26 or loss;
- 27 (7) Any damage caused by insects, rodents, or other animals, unless  
28 the damage results from noncompliance with the building code by the  
29 declarant or its employees, agents, or subcontractors;
- 30 (8) Accidental loss or damage from acts of nature including, but  
31 not limited to, fire, explosion, smoke, water escape, glass breakage,  
32 windstorm, hail, lightning, falling trees, aircraft, vehicles, flood,  
33 earthquake, avalanche, landslide, and changes in the level of the  
34 underground water table which are not reasonably foreseeable by the  
35 declarant;
- 36 (9) Bodily injury or damage to personal property or real property  
37 which is not part of a unit;

1 (10) Any defect in, or caused by, materials or work supplied by  
2 anyone other than the declarant, an affiliate of a declarant, or their  
3 respective contractors, employees, agents, or subcontractors;

4 (11) Changes, alterations, or additions made to a unit by anyone  
5 after initial occupancy, except those performed by the declarant or its  
6 employees, agents, or subcontractors as required by the qualified  
7 warranty or under the construction contract or sales agreement;

8 (12) Contaminated soil;

9 (13) Subsidence of the land around a unit or along utility lines,  
10 other than subsidence beneath footings of a unit or under driveways or  
11 walkways;

12 (14) Diminution in the value of the unit.

13 **ARTICLE 8**

14 **MONETARY LIMITS ON QUALIFIED WARRANTY COVERAGE**

15 NEW SECTION. **Sec. 801.** (1) A qualified insurer may establish a  
16 monetary limit on the amount of the warranty. Any limit must not be  
17 less than:

18 (a) For a unit, the lesser of (i) the original purchase price paid  
19 by the owner, or (ii) one hundred thousand dollars;

20 (b) For common elements, the lesser of (i) the total original  
21 purchase price for all components of the multiunit building, or (ii)  
22 one hundred fifty thousand dollars times the number of units of the  
23 condominium.

24 (2) When calculating the cost of warranty claims under the standard  
25 limits under a qualified warranty, a qualified insurer may include:

26 (a) The cost of repairs;

27 (b) The cost of any investigation, engineering, and design required  
28 for the repairs; and

29 (c) The cost of supervision of repairs, including professional  
30 review, but excluding legal costs.

31 (3) The minimum amounts in subsections (1) and (2) of this section  
32 shall be adjusted at the end of each calendar year after the effective  
33 date by an amount equal to the percentage change in the consumer price  
34 index for all urban consumers, all items, as published from time to  
35 time by the United States department of labor. The adjustment does not  
36 affect any qualified warranty issued before the adjustment date.

1 **ARTICLE 9**

2 **PROHIBITED POLICY PROVISIONS**

3 NEW SECTION. **Sec. 901.** (1) A qualified insurer must not include  
4 in a qualified warranty any provision that requires an owner or the  
5 association:

6 (a) To sign a release before repairs are performed under the  
7 qualified warranty; or

8 (b) To pay a deductible in excess of five hundred dollars for the  
9 repair of any defect in a unit covered by the qualified warranty, or in  
10 excess of the lesser of five hundred dollars per unit or ten thousand  
11 dollars in the aggregate for any defect in the common elements.

12 (2) All exclusions must be permitted by this chapter and stated in  
13 the qualified warranty.

14 **ARTICLE 10**

15 **CONSEQUENCES OF NOT PROVIDING INFORMATION**

16 NEW SECTION. **Sec. 1001.** (1) If coverage under a qualified  
17 warranty is conditional on an owner undertaking proper maintenance, or  
18 if coverage is excluded for damage caused by negligence by the owner or  
19 association with respect to maintenance or repair by the owner or  
20 association, the conditions or exclusions apply only to maintenance  
21 requirements or procedures: (a) Provided to the original owner in the  
22 case of the unit warranty, and to the association for the common  
23 element warranty with an estimation of the required cost thereof for  
24 the common element warranty provided in the budget prepared by the  
25 declarant; or (b) that would be obvious to a reasonable and prudent  
26 layperson. Recommended maintenance requirements and procedures are  
27 sufficient for purposes of this subsection if consistent with knowledge  
28 generally available in the construction industry at the time the  
29 qualified warranty is issued.

30 (2) If an original owner or the association has not been provided  
31 with the manufacturer's documentation or warranty information, or both,  
32 or with recommended maintenance and repair procedures for any component  
33 of a unit, the relevant exclusion does not apply. The common element  
34 warranty is included in the written warranty to be provided to the  
35 association under RCW 64.34.312.

1 **ARTICLE 11**

2 **MANDATORY NOTICE OF EXPIRATION OF WARRANTY**

3 NEW SECTION. **Sec. 1101.** (1) A qualified insurer must, as soon as  
4 reasonably possible after the beginning date for the qualified  
5 warranty, provide an owner and association with a schedule of the  
6 expiration dates for coverages under the qualified warranty as  
7 applicable to the unit and the common elements, respectively.

8 (2) The expiration date schedule for a unit must set out all the  
9 required dates on an adhesive label that is a minimum size of four  
10 inches by four inches and is suitable for affixing by the owner in a  
11 conspicuous location in the unit.

12 **ARTICLE 12**

13 **DUTY TO MITIGATE**

14 NEW SECTION. **Sec. 1201.** (1) The qualified insurer may require an  
15 owner or association to mitigate any damage to a unit or the common  
16 elements, including damage caused by defects or water penetration, as  
17 set out in the qualified warranty.

18 (2) Subject to subsection (3) of this section, for defects covered  
19 by the qualified warranty, the duty to mitigate is met through timely  
20 notice in writing to the qualified insurer.

21 (3) The owner must take all reasonable steps to restrict damage to  
22 the unit if the defect requires immediate attention.

23 (4) The owner's duty to mitigate survives even if:

24 (a) The unit is unoccupied;

25 (b) The unit is occupied by someone other than the owner;

26 (c) Water penetration does not appear to be causing damage; or

27 (d) The owner advises the homeowners' association corporation about  
28 the defect.

29 (5) If damage to a unit is caused or made worse by the failure of  
30 an owner to take reasonable steps to mitigate as set out in this  
31 section, the damage may, at the option of the qualified insurer, be  
32 excluded from qualified warranty coverage.

33 **ARTICLE 13**

34 **NOTICE OF CLAIM**



1           NEW SECTION.   **Sec. 1301.** (1) Within a reasonable time after the  
2 discovery of a defect and before the expiration of the applicable  
3 qualified warranty coverage, a claimant must give to the qualified  
4 insurer and the declarant written notice in reasonable detail that  
5 provides particulars of any specific defects covered by the qualified  
6 warranty.

7           (2) The qualified insurer may require the notice under subsection  
8 (1) of this section to include:

9           (a) The qualified warranty number; and

10          (b) Copies of any relevant documentation and correspondence between  
11 the claimant and the declarant, to the extent any such documentation  
12 and correspondence is in the control or possession of the claimant.

13   **ARTICLE 14**  
14   **HANDLING OF CLAIMS**

15           NEW SECTION.   **Sec. 1401.** A qualified insurer must, on receipt of  
16 a notice of a claim under a qualified warranty, promptly make  
17 reasonable attempts to contact the claimant to arrange an evaluation of  
18 the claim. Claims shall be handled in accordance with the claims  
19 procedures set forth in rules by the insurance commissioner, and as  
20 follows:

21          (1) The qualified insurer must make all reasonable efforts to avoid  
22 delays in responding to a claim under a qualified warranty, evaluating  
23 the claim, and scheduling any required repairs.

24          (2) If, after evaluating a claim under a qualified warranty, the  
25 qualified insurer determines that the claim is not valid, or not  
26 covered under the qualified warranty, the qualified insurer must: (a)  
27 Notify the claimant of the decision in writing; (b) set out the reasons  
28 for the decision; and (c) set out the rights of the parties under the  
29 third-party dispute resolution process for the warranty.

30          (3) Repairs must be undertaken in a timely manner, with reasonable  
31 consideration given to weather conditions and the availability of  
32 materials and labor.

33          (4) On completing any repairs, the qualified insurer must deliver  
34 a copy of the repair specifications to the claimant along with a letter  
35 confirming the date the repairs were completed and referencing the  
36 repair warranty provided for in section 407 of this act.

1 **ARTICLE 15**

2 **MEDIATION OF DISPUTED CLAIMS**

3 NEW SECTION. **Sec. 1501.** (1) If a dispute between a qualified  
4 insurer and a claimant arising under a qualified warranty cannot be  
5 resolved by informal negotiation within a reasonable time, the claimant  
6 or qualified insurer may require that the dispute be referred to  
7 mediation by delivering written notice to the other to mediate.

8 (2) If a party delivers a request to mediate under subsection (1)  
9 of this section, the qualified insurer and the party must attend a  
10 mediation session in relation to the dispute and may invite to  
11 participate in the mediation any other party to the dispute who may be  
12 liable.

13 (3) Within twenty-one days after the party has delivered a request  
14 to mediate under subsection (1) of this section, the parties must,  
15 directly or with the assistance of an independent, neutral person or  
16 organization, jointly appoint a mutually acceptable mediator.

17 (4) If the parties do not jointly appoint a mutually acceptable  
18 mediator within the time required by subsection (3) of this section,  
19 the party may apply to the superior court of the county where the  
20 project is located, which must appoint a mediator taking into account:

- 21 (a) The need for the mediator to be neutral and independent;  
22 (b) The qualifications of the mediator;  
23 (c) The mediator's fees;  
24 (d) The mediator's availability; and  
25 (e) Any other consideration likely to result in the selection of an  
26 impartial, competent, and effective mediator.

27 (5) After selecting the mediator under subsection (4) of this  
28 section, the superior court must promptly notify the parties in writing  
29 of that selection.

30 (6) The mediator selected by the superior court is deemed to be  
31 appointed by the parties effective the date of the notice sent under  
32 subsection (5) of this section.

33 (7) The first mediation session must occur within twenty-one days  
34 of the appointment of the mediator at the date, time, and place  
35 selected by the mediator.

- 36 (8) A party may attend a mediation session by representative if:  
37 (a) The party is under a legal disability and the representative is  
38 that party's guardian ad litem;

1 (b) The party is not an individual; or  
2 (c) The party is a resident of a jurisdiction other than Washington  
3 and will not be in Washington at the time of the mediation session.  
4 (9) A representative who attends a mediation session in the place  
5 of a party as permitted by subsection (8) of this section:  
6 (a) Must be familiar with all relevant facts on which the party, on  
7 whose behalf the representative attends, intends to rely; and  
8 (b) Must have full authority to settle, or have immediate access to  
9 a person who has full authority to settle, on behalf of the party on  
10 whose behalf the representative attends.  
11 (10) A party or a representative who attends the mediation session  
12 may be accompanied by counsel.  
13 (11) Any other person may attend a mediation session on consent of  
14 all parties or their representatives.  
15 (12) At least seven days before the first mediation session is to  
16 be held, each party must deliver to the mediator a statement briefly  
17 setting out:  
18 (a) The facts on which the party intends to rely; and  
19 (b) The matters in dispute.  
20 (13) The mediator must promptly send each party's statement to each  
21 of the other parties.  
22 (14) Before the first mediation session, the parties must enter  
23 into a retainer agreement with the mediator which must:  
24 (a) Disclose the cost of the mediation services; and  
25 (b) Provide that the cost of the mediation will be paid:  
26 (i) Equally by the parties; or  
27 (ii) On any other specified basis agreed by the parties.  
28 (15) The mediator may conduct the mediation in any manner he or she  
29 considers appropriate to assist the parties to reach a resolution that  
30 is timely, fair, and cost-effective.  
31 (16) A person may not disclose, or be compelled to disclose, in any  
32 proceeding, oral or written information acquired or an opinion formed,  
33 including, without limitation, any offer or admission made in  
34 anticipation of or during a mediation session.  
35 (17) Nothing in subsection (16) of this section precludes a party  
36 from introducing into evidence in a proceeding any information or  
37 records produced in the course of the mediation that are otherwise  
38 producible or compellable in those proceedings.

1 (18) A mediation session is concluded when:  
2 (a) All issues are resolved;  
3 (b) The mediator determines that the process will not be productive  
4 and so advises the parties or their representatives; or  
5 (c) The mediation session is completed and there is no agreement to  
6 continue.

7 (19) If the mediation resolves some but not all issues, the  
8 mediator may, at the request of all parties, complete a report setting  
9 out any agreements made as a result of the mediation, including,  
10 without limitation, any agreements made by the parties on any of the  
11 following:

- 12 (a) Facts;
- 13 (b) Issues; and
- 14 (c) Future procedural steps.

15 **ARTICLE 16**  
16 **ARBITRATION**

17 NEW SECTION. **Sec. 1601.** A qualified warranty may include  
18 mandatory binding arbitration of all disputes arising out of or in  
19 connection with a qualified warranty. The provision may provide that  
20 all claims for a single condominium be heard by the same arbitrator,  
21 but shall not permit the joinder or consolidation of any other person  
22 or entity. The arbitration shall comply with the following minimum  
23 procedural standards:

24 (1) Any demand for arbitration shall be delivered by certified mail  
25 return receipt requested, and by ordinary first class mail. The party  
26 initiating the arbitration shall address the notice to the address last  
27 known to the initiating party in the exercise of reasonable diligence,  
28 and also, for any entity which is required to have a registered agent  
29 in the state of Washington, to the address of the registered agent.  
30 Demand for arbitration is deemed effective three days after the date  
31 deposited in the mail;

32 (2) All disputes shall be heard by one qualified arbitrator, unless  
33 the parties agree to use three arbitrators. If three arbitrators are  
34 used, one shall be appointed by each of the disputing parties and the  
35 first two arbitrators shall appoint the third, who will chair the  
36 panel. The parties shall select the identity and number of the

1 arbitrator or arbitrators after the demand for arbitration is made.  
2 If, within thirty days after the effective date of the demand for  
3 arbitration, the parties fail to agree on an arbitrator or the agreed  
4 number of arbitrators fail to be appointed, then an arbitrator or  
5 arbitrators shall be appointed under RCW 7.04.050 by the presiding  
6 judge of the superior court of the county in which the condominium is  
7 located;

8 (3) In any arbitration, at least one arbitrator must be a lawyer or  
9 retired judge. Any additional arbitrator must be either a lawyer or  
10 retired judge or a person who has experience with construction and  
11 engineering standards and practices, written construction warranties,  
12 or construction dispute resolution. No person may serve as an  
13 arbitrator in any arbitration in which that person has any past or  
14 present financial or personal interest;

15 (4) The arbitration hearing must be conducted in a manner that  
16 permits full, fair, and expeditious presentation of the case by both  
17 parties. The arbitrator is bound by the law of Washington state.  
18 Parties may be, but are not required to be, represented by attorneys.  
19 The arbitrator may permit discovery to ensure a fair hearing, but may  
20 limit the scope or manner of discovery for good cause to avoid  
21 excessive delay and costs to the parties. The parties and the  
22 arbitrator shall use all reasonable efforts to complete the arbitration  
23 within six months of the effective date of the demand for arbitration  
24 or, when applicable, the service of the list of defects in accordance  
25 with RCW 64.50.030;

26 (5) Except as otherwise set forth in this section, arbitration  
27 shall be conducted under chapter 7.04 RCW, unless the parties elect to  
28 use the construction industry arbitration rules of the American  
29 arbitration association, which are permitted to the extent not  
30 inconsistent with this section. The expenses of witnesses including  
31 expert witnesses shall be paid by the party producing the witnesses.  
32 All other expenses of arbitration shall be borne equally by the  
33 parties, unless all parties agree otherwise or unless the arbitrator  
34 awards expenses or any part thereof to any specified party or parties.  
35 The parties shall pay the fees of the arbitrator as and when specified  
36 by the arbitrator;

37 (6) Demand for arbitration given pursuant to subsection (1) of this  
38 section commences a judicial proceeding for purposes of RCW 64.34.452;

1 (7) The arbitration decision shall be in writing and must set forth  
2 findings of fact and conclusions of law that support the decision.

3 **ARTICLE 17**  
4 **ATTORNEYS' FEES**

5 NEW SECTION. **Sec. 1701.** In any judicial proceeding or arbitration  
6 brought to enforce the terms of a qualified warranty, the court or  
7 arbitrator may award reasonable attorneys' fees to the substantially  
8 prevailing party. In no event may such fees exceed the reasonable  
9 hourly value of the attorney's work.

10 **ARTICLE 18**  
11 **TRANSFER**

12 NEW SECTION. **Sec. 1801.** (1) A qualified warranty pertains solely  
13 to the unit and common elements for which it provides coverage and no  
14 notice to the qualified insurer is required on a change of ownership.

15 (2) All of the applicable unused benefits under a qualified  
16 warranty with respect to a unit are automatically transferred to any  
17 subsequent owner on a change of ownership.

18 **ARTICLE 19**  
19 **ACCEPTANCE OF DECLARANT FOR QUALIFIED WARRANTY**

20 NEW SECTION. **Sec. 1901.** (1) No insurer is bound to offer a  
21 qualified warranty to any person. Except as specifically set forth in  
22 this section, the terms of any qualified warranty are set in the sole  
23 discretion of the qualified insurer. Without limiting the generality  
24 of this subsection, a qualified insurer may make inquiries about the  
25 applicant as follows:

26 (a) Does the applicant have the financial resources to undertake  
27 the construction of the number of units being proposed by the  
28 applicant's business plan for the following twelve months;

29 (b) Does the applicant and its directors, officers, employees, and  
30 consultants possess the necessary technical expertise to adequately  
31 perform their individual functions with respect to their proposed role  
32 in the construction and sale of units;

1 (c) Does the applicant and its directors and officers have  
2 sufficient experience in business management to properly manage the  
3 unit construction process;

4 (d) Does the applicant and its directors, officers, and employees  
5 have sufficient practical experience to undertake the proposed unit  
6 construction;

7 (e) Does the past conduct of the applicant and its directors,  
8 officers, employees, and consultants provide a reasonable indication of  
9 good business practices, and reasonable grounds for belief that its  
10 undertakings will be carried on in accordance with all legal  
11 requirements; and

12 (f) Is the applicant reasonably able to provide, or to cause to be  
13 provided, after-sale customer service for the units to be constructed.

14 (2) A qualified insurer may charge a fee to make the inquiries  
15 permitted by subsection (1) of this section.

16 (3) Before approving a qualified warranty for a condominium, a  
17 qualified insurer may make such inquiries and impose such conditions as  
18 it deems appropriate in its sole discretion, including without  
19 limitation the following:

20 (a) To determine if the applicant has the necessary capitalization  
21 or financing in place, including any reasonable contingency reserves,  
22 to undertake construction of the proposed unit;

23 (b) To determine if the applicant or, in the case of a corporation,  
24 its directors, officers, employees, and consultants possess reasonable  
25 technical expertise to construct the proposed unit, including specific  
26 technical knowledge or expertise in any building systems, construction  
27 methods, products, treatments, technologies, and testing and inspection  
28 methods proposed to be employed;

29 (c) To determine if the applicant or, in the case of a corporation,  
30 its directors, officers, employees, and consultants have sufficient  
31 practical experience in the specific types of construction to undertake  
32 construction of the proposed unit;

33 (d) To determine if the applicant has sufficient personnel and  
34 other resources to adequately undertake the construction of the  
35 proposed unit in addition to other units which the applicant may have  
36 under construction or is currently marketing;

37 (e) To determine if:

1 (i) The applicant is proposing to engage a general contractor to  
2 undertake all or a significant portion of the construction of the  
3 proposed unit; and

4 (ii) The general contractor meets the criteria set out in this  
5 section;

6 (f) Requiring that a declarant provide security in a form suitable  
7 to the qualified insurer;

8 (g) Establishing or requiring compliance with specific construction  
9 standards for the unit;

10 (h) Restricting the applicant from constructing some types of units  
11 or using some types of construction or systems;

12 (i) Requiring the use of specific types of systems, consultants, or  
13 personnel for the construction;

14 (j) Requiring an independent review of the unit building plans or  
15 consultants' reports or any part thereof;

16 (k) Requiring third-party verification or certification of the  
17 construction of the unit or any part thereof;

18 (l) Providing for inspection of the unit or any part thereof during  
19 construction;

20 (m) Requiring ongoing monitoring of the unit, or one or more of its  
21 components, following completion of construction;

22 (n) Requiring that the declarant or any of the design  
23 professionals, engineering professionals, consultants, general  
24 contractors, or subcontractors maintain minimum levels of insurance,  
25 bonding, or other security naming the potential owners and qualified  
26 insurer as loss payees or beneficiaries of the insurance, bonding, or  
27 security to the extent possible;

28 (o) Requiring that the declarant provide a list of all design  
29 professionals and other consultants who are involved in the design or  
30 construction inspection, or both, of the unit;

31 (p) Requiring that the declarant provide a list of trades employed  
32 in the construction of the unit, and requiring evidence of their  
33 current trade's certification, if applicable.

34 **ARTICLE 20**  
35 **MISCELLANEOUS**



1        NEW SECTION.    **Sec. 2001.**    All qualified warrantees shall be deemed  
2    to be "insurance" for purposes of RCW 48.01.040, and shall be regulated  
3    as such.

4        NEW SECTION.    **Sec. 2002.**    Captions and part headings used in this  
5    act are not any part of the law.

6        NEW SECTION.    **Sec. 2003.**    Sections 101 through 2002 of this act  
7    constitute a new chapter in Title 64 RCW.

      Passed by the Senate March 11, 2004.

      Passed by the House March 10, 2004.

      Approved by the Governor March 29, 2004.

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