

CERTIFICATION OF ENROLLMENT

ENGROSSED SUBSTITUTE SENATE BILL 5024

Chapter 260, Laws of 2021

67th Legislature
2021 Regular Session

CONDOMINIUM CONSTRUCTION—VARIOUS PROVISIONS

EFFECTIVE DATE: July 25, 2021

Passed by the Senate April 15, 2021
Yeas 48 Nays 0

DENNY HECK

President of the Senate

Passed by the House April 8, 2021
Yeas 97 Nays 0

LAURIE JINKINS

**Speaker of the House of
Representatives**

Approved May 12, 2021 2:41 PM

JAY INSLEE

Governor of the State of Washington

CERTIFICATE

I, Brad Hendrickson, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **ENGROSSED SUBSTITUTE SENATE BILL 5024** as passed by the Senate and the House of Representatives on the dates hereon set forth.

BRAD HENDRICKSON

Secretary

FILED

May 12, 2021

**Secretary of State
State of Washington**

ENGROSSED SUBSTITUTE SENATE BILL 5024

AS AMENDED BY THE HOUSE

Passed Legislature - 2021 Regular Session

State of Washington 67th Legislature 2021 Regular Session

By Senate Law & Justice (originally sponsored by Senators Padden, Pedersen, Brown, Gildon, Holy, Mullet, Short, and Van De Wege)

READ FIRST TIME 01/15/21.

1 AN ACT Relating to reducing barriers to condominium construction;
2 and amending RCW 64.55.040 and 64.90.645.

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

4 **Sec. 1.** RCW 64.55.040 and 2005 c 456 s 5 are each amended to
5 read as follows:

6 (1) A qualified building enclosure inspector:

7 (a) Must be ((a)) the architect or engineer of record or another
8 person with substantial and verifiable training and experience in
9 building enclosure design and construction;

10 (b) Shall be free from improper interference or influence
11 relating to the inspections; and

12 (c) May not be an employee, officer, or director of, nor have any
13 pecuniary interest in, the declarant, developer, association, or any
14 party providing services or materials for the project, or any of
15 their respective affiliates, except that the qualified inspector may
16 be the architect or engineer who approved the building enclosure
17 design documents or the architect or engineer of record. The
18 qualified inspector may, but is not required to, assist with the
19 preparation of such design documents.

20 (2) Nothing in this section alters requirements for licensure of
21 any architect, engineer, or other professional, or alters the

1 jurisdiction, authority, or scope of practice of architects,
2 engineers, other professionals, or general contractors.

3 **Sec. 2.** RCW 64.90.645 and 2018 c 277 s 410 are each amended to
4 read as follows:

5 ~~((Any earnest money deposit, as defined in RCW 64.04.005, or any~~
6 ~~reservation)) (1) Except as provided in subsection (2) of this
7 section, any deposit made in connection with the right to purchase a
8 unit from a person required to deliver a public offering statement
9 pursuant to RCW 64.90.605(3) must be placed in escrow and held in
10 this state in an escrow or trust account designated solely for that
11 purpose by a licensed title insurance company or agent, a licensed
12 attorney, a real estate broker or independent bonded escrow company,
13 or an institution whose accounts are insured by a governmental agency
14 or instrumentality until: ~~((1))~~ (a) Delivered to the declarant at
15 closing, ~~((2))~~ (b) delivered to the declarant because of the
16 purchaser's default under a contract to purchase the unit, ~~((3))~~
17 (c) refunded to the purchaser, or ~~((4))~~ (d) delivered to a court in
18 connection with the filing of an interpleader action.~~

19 (2) (a) If a purchase agreement for the sale of a unit provides
20 that deposit funds may be used for construction costs and the
21 declarant obtains and maintains a surety bond as required by this
22 section, the declarant may withdraw escrow funds when construction of
23 improvements has begun. The funds may be used only for actual
24 building and construction costs of the project in which the unit is
25 located.

26 (b) The bond must be issued by a surety insurer licensed in this
27 state in favor of the purchaser in an amount adequate to cover the
28 amount of the deposit to be withdrawn. The declarant may not withdraw
29 more than the face amount of the bond. The bond must be payable to
30 the purchaser if the purchaser obtains a final judgment against the
31 declarant requiring the declarant to return the deposit pursuant to
32 the purchase agreement. The bond may be either in the form of an
33 individual bond for each deposit accepted by the declarant or in the
34 form of a blanket bond assuring the return of all deposits received
35 by the declarant.

36 (c) The party holding escrow funds who releases all or any
37 portion of the funds to the declarant has no obligation to monitor
38 the progress of construction or the expenditure of the funds by the

1 declarant and is not liable to any purchaser for the release of funds
2 pursuant to this section.

3 (3) A deposit under this section may not exceed five percent of
4 the purchase price.

Passed by the Senate April 15, 2021.

Passed by the House April 8, 2021.

Approved by the Governor May 12, 2021.

Filed in Office of Secretary of State May 12, 2021.

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