

HOUSE BILL REPORT

HB 1081

As Reported by House Committee On:
Consumer Protection & Business

Title: An act relating to establishing consumer protections for owners of solicited real estate.

Brief Description: Establishing consumer protections for owners of solicited real estate.

Sponsors: Representatives Donaghy, Connors, Ryu, Taylor, Fosse, Kloba and Reeves.

Brief History:

Committee Activity:

Consumer Protection & Business: 1/15/25, 2/19/25 [DPS].

Brief Summary of Substitute Bill

- Provides a property owner with the right to an appraisal and the right to cancel a purchase contract, within certain conditions, for solicited real estate transactions.
- Requires the purchase contract for solicited real estate transactions to include a statement about the property owner's rights.
- Provides for enforcement under the Consumer Protection Act.

HOUSE COMMITTEE ON CONSUMER PROTECTION & BUSINESS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Walen, Chair; Berry, Donaghy, Fosse, Kloba, Morgan, Reeves, Ryu and Santos.

Minority Report: Do not pass. Signed by 6 members: Representatives McClintock, Ranking Minority Member; Dufault, Assistant Ranking Minority Member; Abbarno, Corry, Steele and Volz.

Staff: Megan Mulvihill (786-7304).

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Background:

Washington law requires that real property is conveyed by deed. There are different types of deeds, but generally a deed must:

- be in writing;
- include consideration or be a gift;
- include a legal description of the property;
- be signed by the grantor in front of an authorized party, i.e., a notary; and
- be delivered to the grantee with the intent to pass title.

While many real estate transactions involve a real estate agent, the decision to use a real estate agent is at the discretion of the buyer or seller. A real estate agent must have a written agreement with their client to perform real estate brokerage services. Real estate agents have certain duties to their client, including:

- loyalty to the client by taking no action that would be adverse or detrimental to the client;
- disclosing in a timely manner any conflicts of interest;
- advising the client to get expert advice on matters relating to the transaction that are beyond the agent's expertise;
- refraining from disclosing confidential information about the client, except under subpoena or court order, even after termination of the relationship; and
- making a good faith effort to either find a property for a buyer or to sell the property for a seller.

Summary of Substitute Bill:

For real estate transactions that are executed on or after January 1, 2026, in which a property owner is solicited for the purchase of their property through public advertising or written, electronic, or in-person contact, and the property is not currently available or listed on the real estate market, the property owner has certain rights. The property owner has the right to: (1) an appraisal by a licensed appraiser; (2) receive notice from the potential buyer of the property owner's right to an appraisal; and (3) cancel the purchase contract without penalty or further obligation under certain conditions.

For property owners who wish to exercise their right to an appraisal:

- The property owner may select the appraiser, and the buyer is responsible for the expense.
- The appraisal must be ordered within three business days after the execution of the purchase contract, and the property owner must notify the buyer of the appraisal.
- The property owner has the right to cancel the purchase contract within four business days after the appraisal is received.

For property owners who do not wish to receive an appraisal, the property owner has the

right to cancel the purchase contract within 10 business days after execution of the contract.

In the event the property owner wishes to cancel, the property owner must send a notice of cancellation to the buyer by mail, telegram, email, or other means of written communication. Notice of cancellation is considered given when mailed, filed, emailed, or if sent by other means, when delivered to the buyer's designated place of business.

Purchase contracts for these types of solicited real estate transactions must state clearly in at least 10 point boldface type, and the seller must affirmatively acknowledge, that the seller has the right to an appraisal and has a right to cancel.

Solicited real estate transactions in which a buyer or seller is represented by a licensed real estate agent are exempt from these requirements. Violations are enforced under the Consumer Protection Act.

Substitute Bill Compared to Original Bill:

The substitute bill specifies that the provisions requiring the right to an appraisal and the right to cancel only apply to solicited real estate transactions that are executed on or after January 1, 2026. Also, the substitute bill specifies that the regulations apply when someone representing a buyer, rather than only the buyer, solicits the purchase of real property. A provision specifying that the regulations under the bill do not affect the rights accrued to any party regarding earnest money is added.

Other technical changes to make terminology consistent are made, and the reference to the Attorney General being permitted to bring action under the Consumer Protection Act for violations is struck.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) Not all solicited offers to purchase a home are predatory, but there some cases in which they are. This bill is simply to ensure that everybody has the information they need to be able to make an educated decision as to whether or not they want to sell their home when they've been solicited for the sale. Realtors strongly support protecting homeowners, especially potentially vulnerable homeowners, with good consumer protections that protect against predatory behavior. It is important that people involved in

these types of transactions have rights and are aware of their rights. A few technical amendments to clarify a few of the provisions of the bill would be appreciated. One is to specifically state that it is a purchase and sale agreement that is entered into, and another is to include the right to appraisal within the purchase and sale agreement. Also, the use of consistent and descriptive references would make a difference. Finally, a reference to the earnest money statute in case there is a dispute would ensure that current law is followed in the event a party backs out of the agreement or there is a dispute.

(Opposed) None.

Persons Testifying: Representative Brandy Donaghy, prime sponsor; Carrie Tellefson, Washington Land Title Association; and Riley Bengel, Washington REALTORS.

Persons Signed In To Testify But Not Testifying: None.