

SENATE BILL REPORT

SHB 1081

As Passed Senate, April 10, 2025

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: House Committee on Consumer Protection & Business (originally sponsored by Representatives Donaghy, Connors, Ryu, Taylor, Fosse, Kloba and Reeves).

Brief History: Passed House: 3/4/25, 56-39.

Committee Activity: Business, Financial Services & Trade: 3/19/25, 3/26/25 [DP, DNP, w/oRec].

Floor Activity: Passed Senate: 4/10/25, 30-19.

Brief Summary of Bill

- Provides a property owner with the right to an appraisal at the expense of a potential buyer for solicited real estate transactions.
- Provides a property owner with the right to cancel a purchase contract without penalty or further obligation under certain conditions.
- 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.

SENATE COMMITTEE ON BUSINESS, FINANCIAL SERVICES & TRADE

Majority Report: Do pass.

Signed by Senators Kauffman, Chair; Cortes, Vice Chair; Hasegawa, Lovick and Stanford.

Minority Report: Do not pass.

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.

Signed by Senators Dozier, Ranking Member; Fortunato and Wilson, J..

Minority Report: That it be referred without recommendation.

Signed by Senator McCune.

Staff: Clint McCarthy (786-7319)

Background: Selling Real Property in Washington State. Statute governs real estate brokerages and the services agreements that brokerages enter into with buyers and sellers of real property. Buyers or sellers of real property are not required to use a real estate brokerage in the state of Washington.

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, for instance, a notary; and
- be delivered to the grantee with the intent to pass title.

Real Estate Appraisals. Real Estate Appraisals are generally required by financial institutions that are financing a portion of the purchase cost. Financial institutions use an appraisal to determine whether the real property is worth the amount it is being purchased for. A buyer may not require an appraisal if the buyer is paying cash for the real property.

Real estate appraisers evaluate the value of real property. The Department of Licensing oversees persons who provide appraisal services under the Certified Real Estate Appraiser Act (CREAA). CREAA prohibits a person from using the terms certified appraisal or state certified real estate appraiser unless that person is certified by the state.

Consumer Protection Act. The Consumer Protection Act (CPA) prohibits unfair or deceptive acts or practices in trade or commerce; the formation of contracts, combinations, and conspiracies in restraint of trade or commerce; and monopolies. A person injured by a violation of the CPA may bring a civil action to enjoin violations and recover certain damages, costs, and attorneys' fees.

The attorney general (AG) may bring an action in the name of the state, or on behalf of persons residing in the state, against any person to enjoin violations of the CPA and obtain restitution. The AG may seek civil penalties up to the statutorily authorized maximums against any person who violates the CPA. Civil penalties are paid to the state.

Summary of Bill: The Right of Solicited Real Property Purchase Owner to an Appraisal. Owners of real property that enter into a purchase contract with a buyer or someone representing a buyer that actively solicits the purchase of real property through public

advertising or written, electronic, or in person contact with an owner of real property not currently publicly available or listed on the real estate market are provided the right to an appraisal of the real property by a licensed appraiser and have the right to cancel the purchase contract without penalty or further obligation.

When exercising their right to an appraisal, the owner has the right to select the appraiser and the potential buyer is responsible for the expense of the appraisal. The appraisal must be ordered within three business days of the execution of the purchase contract, and the owner of the solicited real property shall notify the potential buyer of the appraisal. The owner has the right to cancel the purchase contract without penalty or further obligation within four business days of receiving the appraisal.

When owners do not exercise their right to an appraisal, the owner has ten business days after execution of the contract.

In the event of an owner cancelling the contract, the owner shall 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 for telegraphic transmission, or delivered to the buyer's designated place of business.

These requirements do not apply to a buyer or seller represented by a real estate broker licensed in the state of Washington.

Solicited Real Estate Purchase Contract Requirements. The purchase contract must state in at least ten-point boldface font and the seller must acknowledge in writing that the seller:

- has a right to an appraisal; and
- has a right to cancel the purchase contract without penalty or further obligation.

Consumer Protection Act. A violation of these rights by a potential buyer or someone representing a potential buyer actively solicits the purchase of real property through public advertising or written, electronic, or in person contact with an owner of real property not currently publicly available or listed on the real estate market for purchase is considered a violation of the CPA and may be enforced as such.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: This bill is designed to make sure that solicited real estate transactions are not done in a predatory manner. It is about avoiding

predatory situations. This doesn't apply to any property that is currently for sale. This doesn't apply to purchases that involve real estate brokers. This will only impact those who wish to do harm to unsophisticated buyers. Our homes are the largest investment that we are going to make, and typically people rely on their real estate broker to protect themselves from being taken advantage of.

Persons Testifying: PRO: Representative Brandy Donaghy, Prime Sponsor.

Persons Signed In To Testify But Not Testifying: No one.