

HOUSE BILL REPORT

SSB 6042

*As Reported By House Committee on:
Judiciary*

Title: An act relating to condominiums.

Brief Description: Revising the Washington condominium act.

Sponsor(s): Senate Committee on Law & Justice (originally sponsored by Senators Nelson and Rasmussen).

Brief History:

Reported by House Committee on:
Judiciary, February 19, 1992, DPA.

**HOUSE COMMITTEE ON
JUDICIARY**

Majority Report: *Do pass as amended.* Signed by 16 members: Representatives Appelwick, Chair; Ludwig, Vice Chair; Padden, Ranking Minority Member; Paris, Assistant Ranking Minority Member; Belcher; Broback; Forner; Hargrove; Inslee; R. Meyers; H. Myers; Riley; Scott; D. Sommers; Tate; and Vance.

Staff: Margaret Allen (786-7191).

Background:

In 1987, the Legislature created a statutory committee, the Condominium Task Force. The mission of the task force was to revise and modify the Uniform Condominium Act to address deficiencies of the Horizontal Property Regimes Act, which at the time governed the construction, ownership, and management of condominiums in Washington State.

As a result, the task force drafted the Washington Condominium Act (WCA), which was enacted by the Legislature in 1989 and took effect July 1, 1990.

The Legislature amended the WCA in 1990. This act proposes further refinements.

Summary of Amended Bill:

The act's numerous provisions can be loosely organized by three topics: (1) creation, alteration, and termination of

condominiums; (2) management of condominiums; and (3) protection of condominium purchasers.

Creation, alteration, and termination of condominiums: A new section is added to the WCA establishing a procedure for reserving the right to use a particular condominium name.

The requirement that each possible development right reserved in the declaration be labeled on the survey map is eliminated. Instead, the survey map must disclose that a portion of the property shown on the map is subject to development rights set forth in the declaration, and must label land that may be added to or withdrawn from the condominium. Also, under specified conditions, the survey map and plans need not show the thickness of walls which constitute the vertical boundaries of units.

A purchaser at a foreclosure sale of real property, not the foreclosing party, may exercise the right reserved in the declaration to withdraw the property from the condominium.

Management of condominiums: A new section expressly authorizes the use of subassociations to act on behalf of unit owners owning less than all of the units in a condominium, where those owners share in common some property or other interest in the condominium that is not shared by the remainder of the unit owners.

The definition of "declarant control" is amended to include the right to veto or approve proposed board or association action.

The difference in the kind of insurance an association must maintain on a conversion versus a non-conversion condominium is eliminated.

All financial and other records of the association are the property of the association. The records must be made reasonably available not only for examination, but also for copying. The manager of the association, as well as any unit owner or the owner's agent, is entitled to examine and copy the records. Further, an association's funds must be kept in accounts in the name of the association.

Protection of condominium purchasers: The protection of article 4 of the WCA applies only to purchases of less than all of the units in a condominium in a single transaction.

The public offering statement (POS) need only disclose material differences between a model unit and the unit being sold that involve furnishings, fixtures, finishes, and equipment. However, the POS must contain any independent

engineering report and local government inspection report required by other provisions of the act.

The association must prepare and sign the resale certificate, rather than giving the unit seller the raw data. The association may not charge more than \$150 to prepare a resale certificate. The association may charge a unit owner a nominal fee for updating a resale certificate within six months of the unit owner's previous request.

If a unit in a conversion condominium is offered for sale at a more favorable price and terms than the initial offer to sell, the residential tenant of that unit must be given an opportunity to purchase the unit at the more favorable price and terms.

A local housing code inspection is not required for a conversion condominium that is less than two years old. No additional or excessive fees may be charged for a routine inspection.

The implied warranties of a declarant or dealer concerning improvements apply only to improvements made or contracted for by the declarant or dealer.

Amended Bill Compared to Substitute Bill: The substitute bill provided that the survey map and plans need not show the thickness of walls, ceilings, and floors constituting the vertical and horizontal boundaries of units.

Fiscal Note: Available.

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

Testimony For: These are technical amendments to clarify and correct existing law.

Testimony Against: None.

Witnesses: Gary Ackerman, Washington Condominium Task Force (supports); J.C. (Pete) Middlebrooks, Washington Condominium Task Force (supports); and Nancee Wildermuth, Architects and Engineers Legislative Council (supports as amended).