

**SENATE BILL REPORT**

**ESHB 1363**

**AS REPORTED BY COMMITTEE ON GOVERNMENT OPERATIONS, APRIL 2, 1993**

**Brief Description:** Requiring the county assessor to verify that all necessary building permits have been issued when conducting a physical appraisal.

**SPONSORS:** House Committee on Local Government (originally sponsored by Representatives Peery, H. Myers, Springer, Dunshee, Romero, Zellinsky and Wineberry)

**HOUSE COMMITTEE ON LOCAL GOVERNMENT**

**SENATE COMMITTEE ON GOVERNMENT OPERATIONS**

**Majority Report:** Do pass as amended.

Signed by Senators Haugen, Chairman; Drew, Vice Chairman; Oke, Owen, and Winsley.

**Staff:** Rod McAulay (786-7754)

**Hearing Dates:** April 1, 1993; April 2, 1993

**BACKGROUND:**

Consumers have purchased homes and later discovered that extensive work was performed on the homes without building permits. These consumers may have to spend large amounts of money to bring the newly purchased homes into compliance with the building codes.

Copies of building permits for construction or alteration work with an estimated value over \$500 must be sent by the local building officials to the county assessor. The county assessor makes physical inspections of property on a periodic basis.

It is suggested that the assessor may be able to detect substantial changes to property that are not made with proper permits. It is also suggested that if copies of verifications of final inspections are recorded with the county auditor, title companies would be able to disclose the lack of permits to prospective home buyers.

**SUMMARY:**

County assessors, as part of the physical appraisal process, are required to notify the local building official of any increase in the size of the building, or any other significant modifications that are apparent from an exterior inspection, since the last physical appraisal.

Copies of verifications of final inspections must be recorded in the real property records of the county auditor. A title insurance report provided to the purchaser of real property must disclose the existence of recorded verifications of final inspections. A title insurer is not required to include these verifications in the coverage of the title insurance contract.

**SUMMARY OF PROPOSED SENATE AMENDMENT:**

Language is added authorizing building departments to collect fees to recover recording costs. Provisions are added requiring sellers of residential property to make written disclosures to potential purchasers with regard to building permits, septic system location and surveys. The seller must only disclose to the best of his or her knowledge. Failure to make the required disclosure will permit the purchaser to rescind the sale agreement prior to closing or claim damages after closing. Damages may be trebled if the seller failed to obtain any required permits.

**Appropriation:** none

**Revenue:** none

**Fiscal Note:** none requested

**TESTIMONY FOR:**

There is no coordination between the building departments and assessor's office. This bill provides a mechanism to uncover construction occurring without permits. It will protect buyers from being trapped into purchases on non-permitted property.

**TESTIMONY AGAINST:**

Title companies should be excluded. This does not include titles. Auditors need to be assured that filing fees are paid.

**TESTIFIED:** Jimmy Duke, Clark County; Karen Flynn, Auditor; Dwight Bickel, Betty Schall, Land Title Assn.