

# HOUSE BILL REPORT

## HB 1570

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**As Reported By House Committee On:**  
Commerce & Labor

**Title:** An act relating to disclosure for transfers of new residential construction.

**Brief Description:** Exempting the transfer of new residential construction from disclosure requirements.

**Sponsors:** Representatives Sherstad, L. Thomas, Mielke, Smith, Cairnes, Dunn, Thompson, McMorris, Crouse and Honeyford.

**Brief History:**

**Committee Activity:**

Commerce & Labor: 2/24/97, 3/5/97 [DP].

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### HOUSE COMMITTEE ON COMMERCE & LABOR

**Majority Report:** Do pass. Signed by 9 members: Representatives McMorris, Chairman; Honeyford, Vice Chairman; Conway, Ranking Minority Member; Wood, Assistant Ranking Minority Member; Boldt; Clements; Cole; Hatfield and Lisk.

**Staff:** Selwyn Walters (786-7117).

**Background:** A seller of real property must provide a real property transfer disclosure statement to a buyer within five business days after mutual acceptance of a buy/sell agreement. Residential property includes a single family dwelling, a multiple dwelling with up to four units, residential condominium, and residential time share units.

Exempt from the disclosure statement requirements are: (1) transfers among family members; (2) transfers of less than a fee-simple interest, other than a beneficial interest under a real estate contract; (3) transfers by decedents' estates or bankruptcy estates; (4) transfers by lien holders; (5) transfers by sheriff's sale or other foreclosure sale; and (6) transfers among common owners.

The disclosures are based upon a seller's personal knowledge of matters relating to title, water sources and systems, sewer/septic systems, structural concerns, mechanical systems, community associations, and geographic hazards.

Within three days after receipt of the disclosure statement a buyer may accept either the disclosure statement, or give written notice of rescission of the buy/sell agreement. If a seller does not provide a disclosure statement, a buyer may rescind the buy/sell agreement at any time up to the closing of the transaction. A seller must provide a buyer with an amended disclosure form if he or she decides the disclosure statement delivered to a buyer was incomplete because of changed circumstances, or the acquisition of new information. A buyer has an additional three days to rescind the buy/sell agreement after a seller delivers an amended disclosure statement.

A seller is not liable for inaccurate information in the disclosure statement which was obtained from public agencies or other persons providing information within the scope of their professional license or expertise. Licensed real estate salespersons may not be held liable for inaccuracies in the disclosure statement if they have no personal knowledge of the information, or if the information was provided by a public agency or other persons providing information within the scope of their professional license or expertise.

**Summary of Bill:** The transfer of new residential construction is exempted from the disclosure requirements if the seller is a registered contractor and the buyer is a first time buyer or occupant.

The disclosure statement requirements apply to an exempt transfer if the seller gives the buyer a disclosure statement.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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

**Testimony For:** This bill achieves real regulatory reform by eliminating a complex regulation that has no consumer or performance function. The bill applies to new homes that have never been occupied; therefore, many of the questions on the disclosure form do not apply.

**Testimony Against:** None.

**Testified:** Bill Huyeng, Building Industry Association of Washington.