

HOUSE BILL REPORT

SB 5741

As Reported By House Committee On:
Trade & Economic Development

Title: An act relating to public offering statements for condominiums.

Brief Description: Requiring a statement of permitted uses and use restrictions for condominiums.

Sponsors: Senators Wood and Winsley.

Brief History:

Committee Activity:

Trade & Economic Development: 3/27/97, 4/3/97 [DPA].

HOUSE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

Majority Report: Do pass as amended. Signed by 8 members: Representatives Van Luven, Chairman; Dunn, Vice Chairman; Veloria, Ranking Minority Member; Sheldon, Assistant Ranking Minority Member; Alexander; Ballasiotes; McDonald and Morris.

Staff: Kenny Pittman (786-7392).

Background: The Washington Condominium Act was enacted by the Legislature in 1989. The Washington Condominium Act deals with the legal creation of condominium property, the management of condominiums and the protection of condominium purchasers.

Under the Washington Condominium Act, sellers are required to provide a detailed public offering statement to purchasers. The public offering statement includes, but is not limited to, information on the developer of the condominium and management company, list of recent condominium projects of developer, type of interest being sold, permitted uses and use restrictions pertaining to the units, areas the purchaser will have responsibility for, and purchaser's right of first refusal to lease or purchase any unit or any of the common elements.

Summary of Amended Bill: The public offering statement required under the Washington Condominium Act is revised to require a brief description of the restrictions on the renting or leasing of units by the seller or other unit owners.

Amended Bill Compared to Original Bill: The amended bill has technical language changes to clarify that the seller or the owner of a unit declare if the unit can be rented or leased.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: (Original) The potential purchaser of a condominium needs to know what the developer is going to do with the units that have not been sold. The information will help inform the purchasers before they invest in the property. This will reduce the potential for problems in this area between a seller and purchaser.

Testimony Against: (Original) Disclosure is key to all real estate transactions. The concern is that the language may have unintended consequences in the area of omissions and misrepresentations. We are not that far apart on this issue.

Testified: Russell Hermes, Riach, Gese, Seather & Watts (pro); James Pete-Middlebrooks, Attorney (con - original bill); and Terri Holvedt, Washington Association of Realtors (concerns - original bill).