

SENATE BILL REPORT

SB 5741

As Passed Senate, March 13, 1997

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: Financial Institutions, Insurance & Housing: 3/4/97, 3/5/97 [DP].
Passed Senate, 3/13/97, 46-0.

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, INSURANCE & HOUSING

Majority Report: Do pass.

Signed by Senators Winsley, Chair; Finkbeiner, Hale, Heavey and Kline.

Staff: David Cheal (786-7576)

Background: In 1989, the Legislature enacted a Comprehensive Condominium Act. The act deals with the legal creation of condominium property, the management of condominiums and the protection of condominium purchasers.

One problem area that led to adoption of the act was inadequate disclosures being made to purchasers. The act requires sellers to provide a detailed public offering statement to purchasers. The effect of errors and omissions of material issues in the public offering statement is unclear.

Summary of Bill: An addition is made to the list of items that must be included in a public offering statement by the seller of a condominium. The addition is a brief description of permitted uses and use restrictions which pertain to both the units and common elements remaining unsold at the time the interest in the property is offered for sale, and pertaining to the rights reserved in the units and common elements by the seller.

The provision in the act dealing with express warranties is amended to make clear that the express warranty section is not a limitation on the seller's liability for misrepresentations or omissions from the public offering statement.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: Without this added disclosure, buyers can jeopardize a substantial amount of money without knowing relevant facts about their investment.

Testimony Against: None.

Testified: Russell Hermes, Riach, Gese, Seather & Watts, Attorneys-at-Law (pro).

House Amendment(s): The added disclosure requirement in the amended bill is made more specific, to cover renting or leasing of units by the declarant or other unit owners. A disclosure requirement is added regarding compliance with the Housing for Older Americans Act.

The fair housing law is amended to include an updated reference to the counterpart federal law, which includes the Housing for Older Americans Act.

An amendment to the warranty provision of the disclosure requirements in the original bill is omitted in the amended bill.