
Commerce & Labor Committee

SSB 6728

Brief Description: Regarding a seller's disclosure of information concerning unimproved real property zoned residential.

Sponsors: Senate Committee on Water, Energy & Environment (originally sponsored by Senators Fraser, Swecker, Fairley, Prentice, Spanel, Thibaudeau and Franklin).

Brief Summary of Substitute Bill

- Requires a seller of unimproved residential land, including vacant land zoned for single-family residences, to complete a residential real property seller's disclosure statement.
- Makes changes to the required disclosure statement to include disclosures about environmental concerns, soil contamination, utility equipment, and past use of the land as a dumping site.

Hearing Date: 2/15/06

Staff: Sarah Dylag (786-7109).

Background:

In 1994, the Legislature enacted a requirement that a disclosure statement must be provided as part of a residential real property sale. Under current law, a seller of residential land must provide a buyer with a disclosure statement about the land unless the buyer waives the right to receive it. The disclosure requirement applies only to land with one to four dwelling units, a residential condominium, a residential timeshare, or a mobile or manufactured home that is personal property.

The disclosure form is specified in statute. The disclosures concern title, water, sewer/septic systems, structural matters, systems and fixtures, common interest matters, and general matters. The questions regarding general matters include a question about whether there are any substances, materials, or products on the property that may be environmental concerns, such as asbestos, formaldehyde, radon gas, lead-based paint, fuel, chemical storage tanks, or contaminated soil or water.

The disclosure statement must be provided within five business days, or as otherwise agreed to, after mutual acceptance of a written purchase agreement between a buyer and a seller. Within three business days of receiving the disclosure statement, the buyer has the right to approve and accept the statement or rescind the agreement for purchase. If the seller fails to provide the

statement, the buyer may rescind the transaction until the transfer has closed. If the disclosure statement is delivered late, the buyer's right to rescind expires three days after receipt of the statement.

The seller and any licensed real estate salesperson or broker is not liable for error, inaccuracy, or omission in the disclosure statement if the seller had no actual knowledge. This includes situations where the seller relies on information provided by public agencies, or other professionals. In addition, the statute provides that the Consumer Protection Act does not apply. However, the statute preserves a right of action against the seller or against any agent acting for the seller under common law, statute, or contract.

Summary of Bill:

Sellers of vacant land zoned for single-family residences, including lots in a plat or subdivision, must complete a residential real property seller's disclosure statement. Vacant land classified as farm and agricultural land or timber land for property tax assessment is exempted.

The existing disclosure requirement regarding environmental concerns is changed. A seller must provide information regarding whether there have ever been (in addition to whether there are currently) concerns regarding material such as asbestos, formaldehyde, radon gas, lead-based paint, fuel or chemical storage tanks, or contaminated soil or water.

The required disclosure statements are also expanded to include information about whether:

- the land has ever been used for industrial purposes in which soil contamination may have occurred;
- transmission poles, transformers, or other utility equipment have ever been installed, maintained, or buried on the land; and
- the land has ever been used as a legal or illegal dumping site.

Rules Authority: The bill does not contain provisions addressing the rule-making powers of an agency.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.