
Business & Financial Services Committee

HB 2410

Brief Description: Improving disclosure in real estate transactions of possible limits on reliance on permit exempt wells in future development.

Sponsors: Representatives Stanford, Tharinger, Lytton, Fitzgibbon and Upthegrove.

Brief Summary of Bill

- Requires the seller disclosure statement for the sale of commercial and unimproved residential real estate to include additional information regarding water rights.

Hearing Date: 1/23/12

Staff: Alexa Silver (786-7190).

Background:

In a sale of residential, unimproved residential, or commercial real estate, the seller must provide the buyer with a seller disclosure statement about the property unless the buyer waives it or the transaction is exempt. The disclosure forms are provided in statute. A disclosure statement regarding unimproved residential real estate contains information regarding title, water (household, irrigation, and sprinklers), sewer/septic, electricity, natural gas, flooding, soil stability, environmental issues, homeowners' associations, and other conditions or defects. A disclosure statement regarding commercial real estate contains information regarding title, water, sewer/septic, structures, systems, environmental issues, and other conditions or defects.

The seller must provide the disclosure statement within five business days of mutual acceptance of a written purchase agreement. The buyer may approve and accept the statement or rescind the purchase agreement. If the buyer fails to provide a written rescission notice to the seller within three business days, the disclosure is deemed approved and accepted. If the seller fails to provide the disclosure statement, the buyer has the right to rescind the transaction up until the date the transfer has closed. If the seller is late in providing the disclosure statement, the buyer retains the right to rescind for three days after receipt of the statement.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Summary of Bill:

In a sale of commercial real estate or unimproved residential real estate, the seller disclosure statement must indicate whether:

- a well drawing less than 5,000 gallons of water per day will supply water to the property; and
- the property will receive irrigation water from a well to irrigate a lawn or noncommercial garden that is less than half an acre.

In both circumstances, the disclosure form directs the seller to check with county or city officials to ensure that water is legally available for a new well.

In a sale of commercial real estate, the disclosure statement must also indicate whether there are water rights if the property is unimproved but intended for commercial or industrial use and is not served by a public water system. If there is a water right, the seller must attach a copy.

Appropriation: None.

Fiscal Note: Not requested.

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