

HOUSE BILL REPORT

SB 5224

As Passed House:
April 1, 2011

Title: An act relating to preparation charges for condominium resale certificates.

Brief Description: Increasing the charge limit for the preparation of condominium resale certificates.

Sponsors: Senators Hobbs and Fraser.

Brief History:

Committee Activity:

Judiciary: 3/16/11, 3/17/11 [DP].

Floor Activity:

Passed House: 4/1/11, 74-17.

Brief Summary of Bill

- Increases the maximum amount that a condominium association may charge for a resale certificate from \$150 to \$275.

HOUSE COMMITTEE ON JUDICIARY

Majority Report: Do pass. Signed by 10 members: Representatives Pedersen, Chair; Goodman, Vice Chair; Rodne, Ranking Minority Member; Eddy, Frockt, Kirby, Klippert, Nealey, Orwall and Roberts.

Minority Report: Do not pass. Signed by 2 members: Representatives Shea, Assistant Ranking Minority Member; Chandler.

Staff: Edie Adams (786-7180).

Background:

Under the Washington Condominium Act, a condominium unit owner must provide a prospective purchaser with a resale certificate before entering into a contract for the sale or conveyance of the unit. The resale certificate must be signed by an officer or agent of the

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association and based on that person's actual knowledge and the books and records of the association.

The resale certificate is a very detailed disclosure statement concerning the financial condition and obligations of the association and units within the association. Information that must be disclosed in the resale certificate includes: the association's operating budget and balance sheet; outstanding obligations or unsatisfied judgments against the association; anticipated substantial repair or replacement costs and any reserves for those costs; amount of the monthly common expense assessment and past-due assessments for the selling unit owner; amount of past-due assessments on other unit owners; and a copy of the declaration, bylaws, rules and regulations, and any reserve study prepared by the association.

The condominium association must provide the signed resale certificate within 10 days after a request from a unit owner. The association may charge the unit owner a reasonable amount, not to exceed \$150, for preparing the resale certificate.

Summary of Bill:

The maximum amount that a condominium association may charge for the preparation of a condominium resale certificate is increased from \$150 to \$275.

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.

Staff Summary of Public Testimony:

(In support) The seller of a condominium must provide a resale certificate to a prospective buyer. The maximum charge for a resale certificate was set in 1990. Since then, the Legislature has imposed additional requirements for these certificates and they have become more complicated to produce. The costs of preparation vary depending on the association. For some associations, these may be very simple to prepare, but for many associations, preparing the certificate can be quite complicated, especially when there are potential liability issues involved. The bill will allow the preparer to charge the cost in today's dollars for their product. This is not a tax increase or fee increase.

(Opposed) None.

Persons Testifying: Julianne Rossiter, Trestle Community Management and Washington Chapter of Community Associations Institute; and Kathryn Hedrick, Community Association Institute.

Persons Signed In To Testify But Not Testifying: None.