

CERTIFICATION OF ENROLLMENT

SENATE BILL 5224

62nd Legislature
2011 Regular Session

Passed by the Senate March 1, 2011
YEAS 46 NAYS 3

President of the Senate

Passed by the House April 1, 2011
YEAS 74 NAYS 17

Speaker of the House of Representatives

Approved

Governor of the State of Washington

CERTIFICATE

I, Thomas Hoemann, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SENATE BILL 5224** as passed by the Senate and the House of Representatives on the dates hereon set forth.

Secretary

FILED

**Secretary of State
State of Washington**

SENATE BILL 5224

Passed Legislature - 2011 Regular Session

State of Washington

62nd Legislature

2011 Regular Session

By Senators Hobbs and Fraser

Read first time 01/18/11. Referred to Committee on Financial Institutions, Housing & Insurance.

1 AN ACT Relating to preparation charges for condominium resale
2 certificates; and amending RCW 64.34.425.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 **Sec. 1.** RCW 64.34.425 and 2008 c 115 s 11 are each amended to read
5 as follows:

6 (1) Except in the case of a sale where delivery of a public
7 offering statement is required, or unless exempt under RCW
8 64.34.400(2), a unit owner shall furnish to a purchaser before
9 execution of any contract for sale of a unit, or otherwise before
10 conveyance, a resale certificate, signed by an officer or authorized
11 agent of the association and based on the books and records of the
12 association and the actual knowledge of the person signing the
13 certificate, containing:

14 (a) A statement disclosing any right of first refusal or other
15 restraint on the free alienability of the unit contained in the
16 declaration;

17 (b) A statement setting forth the amount of the monthly common
18 expense assessment and any unpaid common expense or special assessment

1 currently due and payable from the selling unit owner and a statement
2 of any special assessments that have been levied against the unit which
3 have not been paid even though not yet due;

4 (c) A statement, which shall be current to within forty-five days,
5 of any common expenses or special assessments against any unit in the
6 condominium that are past due over thirty days;

7 (d) A statement, which shall be current to within forty-five days,
8 of any obligation of the association which is past due over thirty
9 days;

10 (e) A statement of any other fees payable by unit owners;

11 (f) A statement of any anticipated repair or replacement cost in
12 excess of five percent of the annual budget of the association that has
13 been approved by the board of directors;

14 (g) A statement of the amount of any reserves for repair or
15 replacement and of any portions of those reserves currently designated
16 by the association for any specified projects;

17 (h) The annual financial statement of the association, including
18 the audit report if it has been prepared, for the year immediately
19 preceding the current year;

20 (i) A balance sheet and a revenue and expense statement of the
21 association prepared on an accrual basis, which shall be current to
22 within one hundred twenty days;

23 (j) The current operating budget of the association;

24 (k) A statement of any unsatisfied judgments against the
25 association and the status of any pending suits or legal proceedings in
26 which the association is a plaintiff or defendant;

27 (l) A statement describing any insurance coverage provided for the
28 benefit of unit owners;

29 (m) A statement as to whether there are any alterations or
30 improvements to the unit or to the limited common elements assigned
31 thereto that violate any provision of the declaration;

32 (n) A statement of the number of units, if any, still owned by the
33 declarant, whether the declarant has transferred control of the
34 association to the unit owners, and the date of such transfer;

35 (o) A statement as to whether there are any violations of the
36 health or building codes with respect to the unit, the limited common
37 elements assigned thereto, or any other portion of the condominium;

1 (p) A statement of the remaining term of any leasehold estate
2 affecting the condominium and the provisions governing any extension or
3 renewal thereof;

4 (q) A copy of the declaration, the bylaws, the rules or regulations
5 of the association, the association's current reserve study, if any,
6 and any other information reasonably requested by mortgagees of
7 prospective purchasers of units. Information requested generally by
8 the federal national mortgage association, the federal home loan bank
9 board, the government national mortgage association, the veterans
10 administration and the department of housing and urban development
11 shall be deemed reasonable, provided such information is reasonably
12 available to the association;

13 (r) A statement, as required by RCW 64.35.210, as to whether the
14 units or common elements of the condominium are covered by a qualified
15 warranty, and a history of claims under any such warranty; and

16 (s) If the association does not have a reserve study that has been
17 prepared in accordance with RCW 64.34.380 and 64.34.382 or its
18 governing documents, the following disclosure:

19 "This association does not have a current reserve study.
20 The lack of a current reserve study poses certain risks to you,
21 the purchaser. Insufficient reserves may, under some
22 circumstances, require you to pay on demand as a special
23 assessment your share of common expenses for the cost of major
24 maintenance, repair, or replacement of a common element."

25 (2) The association, within ten days after a request by a unit
26 owner, and subject to payment of any fee imposed pursuant to RCW
27 64.34.304(1)(1), shall furnish a resale certificate signed by an
28 officer or authorized agent of the association and containing the
29 information necessary to enable the unit owner to comply with this
30 section. For the purposes of this chapter, a reasonable charge for the
31 preparation of a resale certificate may not exceed (~~one hundred~~
32 ~~fifty~~) two hundred seventy-five dollars. The association may charge
33 a unit owner a nominal fee for updating a resale certificate within six
34 months of the unit owner's request. The unit owner shall also sign the
35 certificate but the unit owner is not liable to the purchaser for any
36 erroneous information provided by the association and included in the
37 certificate unless and to the extent the unit owner had actual
38 knowledge thereof.

1 (3) A purchaser is not liable for any unpaid assessment or fee
2 against the unit as of the date of the certificate greater than the
3 amount set forth in the certificate prepared by the association unless
4 and to the extent such purchaser had actual knowledge thereof. A unit
5 owner is not liable to a purchaser for the failure or delay of the
6 association to provide the certificate in a timely manner, but the
7 purchaser's contract is voidable by the purchaser until the certificate
8 has been provided and for five days thereafter or until conveyance,
9 whichever occurs first.

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