
**Consumer Protection & Business
Committee**

HB 1951

Brief Description: Concerning seller disclosure statements.

Sponsors: Representatives Morgan, Fitzgibbon, Orwall, McEntire, Ryu, Ormsby, Kloba and Harris-Talley.

Brief Summary of Bill

- Modifies the required seller disclosure statement in transactions for commercial real estate and improved or unimproved residential real property to: require disclosure of damage from animals; remove a seller's option to select "don't know"; and remove the actual knowledge standard for a seller completing the disclosure.
- Provides that a seller is liable for any error, inaccuracy, or omission in the seller's disclosure statement.

Hearing Date: 1/27/22

Staff: Michelle Rusk (786-7153).

Background:

Required Seller Disclosures for Transfers of Commercial and Residential Property.

In real estate transactions for the sale of commercial real estate and improved or unimproved residential real property, absent an express waiver or exemption, sellers must provide buyers with a completed seller disclosure statement form within five business days after mutual acceptance of a written purchase agreement.

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

The disclosure statement requires a seller to answer "yes," "no," or "don't know" to a list of questions concerning the property, including: title; water; sewage; structure; systems and fixtures; homeowner's association; the environment; electrical/gas; flooding; soil stability; and other conditions or defects. A seller must complete the disclosure statement based on the seller's actual knowledge of the property at the time the seller completes the disclosure statement.

Within three business days of a buyer's receipt of the seller disclosure statement, the buyer may approve and accept the disclosure statement or rescind the purchase agreement. If the disclosure statement is delivered late or not delivered, the buyer's right to rescind expires the earlier of three days after receipt of the disclosure statement or the date the transfer closes.

Errors, Inaccuracies, or Omissions in a Seller Disclosure Statement.

A seller is not liable for any error, inaccuracy, or omission in the disclosure statement if the seller had no actual knowledge of the error, inaccuracy, or omission. This includes situations where information provided by public agencies, or other professionals, is relied on.

The Consumer Protection Act does not apply to violations. The statute preserves a buyer's right of action against a seller or against any agent acting for a seller under common law, statute, or contract.

Summary of Bill:

The actual knowledge standard for a seller completing the disclosure statement is removed and a seller is liable for any error, inaccuracy, or omission in the disclosure statement.

The disclosure statement required for sales of commercial real estate and improved or unimproved residential real property is modified as follows:

- The option to select "don't know" is removed.
- A new section is added for disclosure of any damage from animals, including urine, feces, or other waste, chewing on wires or siding of main structure, or digging. This new section is modified for unimproved residential real property by only requiring disclosure of any damage to the property from animals, including digging or urine, feces, or other waste.
- Additional space is added to each section of the disclosure for the provision of relevant information.

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.