

FINAL BILL REPORT

ESSB 5024

C 260 L 21
Synopsis as Enacted

Brief Description: Reducing barriers to condominium construction.

Sponsors: Senate Committee on Law & Justice (originally sponsored by Senators Padden, Pedersen, Brown, Gildon, Holy, Mullet, Short and Van De Wege).

Senate Committee on Law & Justice
House Committee on Civil Rights & Judiciary

Background: Building Enclosure Requirements. Special requirements apply when constructing a multi-unit residential building or converting a multi-unit residential building to condominium ownership. Building enclosure design documents must be submitted with any application for a building permit addressing waterproofing, weatherproofing, and other protections of the building from water or moisture intrusion. Further, the building enclosure must be inspected by a qualified building inspector throughout the course of construction to ensure the construction complies with the design documents. No condominium unit may be sold without the required enclosure design documents and inspection report.

A multi-unit residential building is a building with more than two attached dwelling units, but does not include hotels, motels, dormitories, care facilities, floating homes, or buildings with attached dwelling units each on a single platted lot.

Deposits for Purchase. Under the Washington Uniform Common Interest Ownership Act, a unit refers to a physical portion of a common interest community designated for separate ownership or occupancy. A common interest community may include a condominium, cooperative, plat community, or miscellaneous community. When a purchaser enters into an agreement to purchase a unit from the declarant of the community, any earnest money deposit or reservation deposit must be placed in escrow. Consistent with other real estate conveyances, the amount of earnest money that may be forfeited for failing to complete a purchase may not exceed 5 percent of the purchase price.

Summary: A qualified inspector for purposes of inspecting the building enclosure during

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construction of a multi-unit residential building is defined to include the architect or engineer of record.

Deposit funds for the purchase of a unit in a common interest community may be used for the construction costs of the project in which the unit is located if the declarant obtains and maintains a surety bond in favor of the purchaser in an amount adequate to cover the amount of the deposit to be withdrawn. The purchase agreement must inform the purchaser that deposit funds may be used for construction costs and the deposit may not exceed 5 percent of the purchase price.

The bond must be payable to the purchaser if the purchaser obtains a final judgement against the declarant requiring the declarant return the deposit pursuant to the purchase agreement. The bond may be in the form of an individual bond for each deposit accepted by the declarant or a blanket bond assuring the return of all deposits received by the declarant.

The party holding escrow funds who releases all or any portion of the funds to the declarant has no obligation to monitor the progress of construction or expenditure of the funds by the declarant and is not liable to any purchaser for the release of funds pursuant to this section.

Votes on Final Passage:

Senate	37	12	
House	97	0	(House amended)
Senate	48	0	(Senate concurred)

Effective: July 25, 2021