

Real Estate Update

Real Property Disclosure Statements (Form 17)

In 2007, the Legislature amended RCW 64.06, expanding the types of property for which sellers must provide a disclosure statement about the property – what is commonly known as the "Form 17."

Added Language

The amendment added "*unimproved residential real property*." Unfortunately, the statute broadly defined this as "property zoned for residential use that is not improved by residential dwelling units, a residential condominium, a residential timeshare, or a mobile or manufactured home."

Unintended Consequence of Amendment

Once again, the Law of Unintended Consequences raised its ugly head. The original purpose of the law was to

protect *consumers* by requiring certain disclosures about dwellings.

This expansion did not contain an exception for purely commercial transactions that happen to involve land located within an area of residential zoning. Therefore it also applies to developers and builders buying and selling unbuilt land among themselves, as well as timber and other agricultural property.

Addressing the Problem

The Legislature has passed Substitute House Bill 1420 to address this problem. (It should be signed by Governor Gregoire any day.) With its passage, the definition of "unimproved residential real property" now excludes "commercial real estate," subdivisions, and timber land, as well as sales to a buyer who

intends to acquire the property primarily for agricultural, commercial, investment, subdivision, or other business purposes. A Form 17 is no longer required for these types of properties.



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