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Government and Veterans
Affairs

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Mr. Chairman and members of the House Industry Business and Labor committee, SB 2247 is a bill that I introduced on behalf of the North Dakota Association of REALTORS, specifically their Government Affairs Committee.

There was a bill passed in 2019 by Rep Louser, and this is meant to clear up some issues that have arisen.

In Section 1, subsection 1 we're cleaning up ambiguous language that became confusing during a transaction. We are removing language in code referring to working with a real estate professional, as it currently stands a seller wouldn't have to disclose property defects if they don't use an a real estate professional in a transaction. This is meant to provide protection to consumers, and as I stated earlier remove confusion regarding who needs to disclose. Next, we're striking owner occupied property and replacing with a residential property with no more than four units. This is capped at 4 units because 1-4 unit properties are considered residential property.

Subsection 2 is relating to the time a property disclosure needs to be provided to the buyer in a transaction. Current language states that the parties involved in a transaction need to have a written property disclosure prior to putting a property in escrow or acceptance of an offer.

I can attest as a mortgage lender that this is rarely the case when I'm processing a loan. Many times my underwriter will verify that the borrower in the transaction has received the disclosure prior to giving final approval or Clear to Close.

The new language allows the parties involved in the transaction to provide a written property disclosure prior to closing. This is common practice in the industry.

In subsection 3, if a real estate professional assists in a transaction they shall retain copies of the written disclosures signed by both parties involved in a transaction.

Finally, section 6 just lists properties that are exempt from the disclosure requirement. For example, a foreclosure sale, sale from a parent to a child, or a new construction home just to name a few.

Mr. Chairman, I ask for a Do Pass recommendation on SB 2247. I have real estate professionals ready to shed further light on this bill, but I will stand for any questions you may have.