

REVENUE: No revenue impact

FISCAL: No fiscal impact

Action:	Do Pass
Vote:	7 - 0 - 0
Yeas:	Cameron, Davis, Frederick, Holvey, Thatcher, Unger, Clem
Nays:	0
Exc.:	0
Prepared By:	Lynn Beaton, Administrator
Meeting Dates:	5/9

WHAT THE MEASURE DOES: Authorizes local government to record notice of substantial damage with county clerk when residential structure sustains substantial flood-related damage and does not comply with hazard area ordinances. Requires local government to void such notice by recording remedy when structure is brought into compliance with applicable ordinances. Exempts section from affecting preexisting common law or statutory rights or remedies, including actions for fraud, negligence or equitable relief. Applies to substantial damage occurring before, on or after effective date of Act. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Example involving Vernonia landowner
- Informing potential residential buyers of flood damage
- Expanding notice to non-residential properties
- Definition of “substantial damage”

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: To participate in the National Flood Insurance Program, local governments must adopt and enforce floodplain management ordinances that meet minimum Federal Emergency Management Agency (FEMA) standards. For most real property transactions, sellers must complete a property disclosure statement and disclose if a structure is in a floodplain, if it has been damaged by floods, and if there have been any insurance claims, repairs or remediation concerning the property. However, some sellers such as financial institutions are exempt from disclosure, and in those transactions, the buyer may not receive notice of flood-related damage and the need to bring the structure into compliance with local ordinances.

Senate Bill 465 A allows local governments to have county clerk record “notice of substantial damage” when residential structures are substantially damaged by flooding. Recording this damage provides notice so that prospective purchasers, for example, will be aware of potential need to repair damage to comply with applicable ordinances and codes.