



STATE OF WASHINGTON
DEPARTMENT OF REVENUE

February 2, 2015

TO: All County Assessors
FROM: Mark Studer, Ratio Specialist
Property Tax Division

A handwritten signature in black ink, appearing to read "Mark Studer".

SUBJECT: BARGAIN & SALE DEEDS and SPECIAL WARRANTY DEEDS

Because of the downturn in the real estate market in the late 2000's and the large number of foreclosures that followed, a significant percentage of real estate sales in 2010-2013 involved bank owned properties. Because of the potential influence these sales had on the overall real estate market, the Department of Revenue (Department) began allowing bank owned sales as valid sales for state ratio study purposes. Bargain & Sale Deeds and Special Warranty Deeds are commonly used sales instruments when bank owned properties sell. As a result, the Department began allowing these deed types in the Department's ratio study in 2012.

Since this decision was made, the real property market has improved, sales volumes have increased, and bank owned sales are less prominent. Also, the Department is now using a full twelve months of sales in the ratio study instead of only eight months. Because of the longer sales period and the improvements in the real estate market, the number of valid sales used in the ratio study in 2014 exceeded any year except the market peak in 2007.

Because of the market changes noted above and the longer sales period, bank owned sales and sales where Bargain and Sale Deeds and Special Warranty Deeds are the sales instruments used will no longer be considered valid sales for state ratio study purposes. Since many counties have already started their sales validation process for 2015, the invalidation of these type sales will occur in stages.

The 2015 Ratio Study – sales May 1, 2014–April 30, 2015

Bargain & Sale Deeds and Special Warranty Deeds will no longer be accepted as valid sales. Only sales with Warranty Deeds or Real Estate Contracts should be included in the valid sales reports (WAC 458-53-080). Since bank owned properties commonly transfer ownership with either Bargain & Sale Deed or Special Warranty Deed, very few bank owned sales should remain as valid sales.

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The 2016 Ratio Study and Future Studies

Starting with the 2016 ratio study (sales May 1, 2015-April 30, 2016), bank owned sales that are not already invalidated by deed type should be invalidated with a code 27 and comment “Bank Owned Sale” or “Bank Owned Property.”

Questions

If you have questions or concerns, please contact Mark Studer at (360) 534-1406 or MarkSt@dor.wa.gov.

MS:pc