CHELAN COUNTY

DEPARTMENT OF COMMUNITY DEVELOPMENT
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ADMINISTRATIVE INTERPRETATION NO. AI 26-222

Purpose and need:

1. SUBJECT:

Transfers of Short-Term Rental Permits (CCC 11.88.290(4)(l))

A. BACKGROUND:

The Department of Community Development received a request for an Administrative Interpretation, dated July 13, 2026, regarding what constitutes a "transfer" for the purposes of Short-Term Rental permitting under CCC 11.88.290(4)(l). This request was submitted by Jacqueline O'keefe, attorney, on behalf of Christopher Price, property owner.

As the September 26, 2026 deadline approaches for final transfers of pre-existing non-conforming STR permits, numerous questions have been raised by existing property owners, STR managers, and prospective purchasers, and clarification has been requested regarding specific types of property transfers. Enumerated below are the specific examples being requested for interpretation:

1. *Marital Community Scenario: Title remains held by the Prices as a marital community. Upon the death of the first spouse, the deceased spouse's interest in the Property passes to the other spouse. Upon the death of the surviving spouse, ownership in the Property passes to the Prices' two children. Would any of these events constitute a transfer?*

2. *Trust Scenario: Title remains held by the Prices as a marital community. Upon the death of the first spouse, the deceased spouse's interest in the Property transfers to a trust, for which the surviving spouse is the trustee and sole lifetime beneficiary. Upon the death of the surviving spouse, ownership in the Property transfers from the trust and deceased surviving spouse to the Prices' children. Would any of these events constitute a transfer?*

3. *LLC Scenario 1: The Prices transfer their interests in the Property to a limited liability company **("LLC")** prior to the September 27, 2026 transfer deadline. The Prices are the two owners of the LLC. Upon the death of the first spouse, the deceased spouse's ownership interests in the LLC pass entirely to the surviving spouse, who then possesses all ownership interests of the LLC. Upon the death of the surviving spouse, ownership in the LLC transfers to the Prices' children, who then each own half of the LLC. Would any of these events constitute a transfer?*

4. *LLC Scenario 2: The Prices transfer their interests in the Property to a LLC prior to the September 27, 2026 transfer deadline. The Prices are the two owners of the LLC. Upon the death of the first spouse, the deceased spouse's ownership interests in the LLC transfers to a trust, for which the surviving spouse is the trustee and sole lifetime beneficiary. Upon the death of the surviving spouse, ownership in the LLC transfers from the trust and deceased surviving spouse to the Prices' children, who then each own half of the LLC. Would any of these events constitute a transfer?*

5. *LLC Scenario 3: The Prices transfer their interests in the Property to a LLC prior to the September 27, 2026 transfer deadline. The Prices and their two children are the four owners of the LLC. All four owners have equal ownership interests in the LLC. Upon the death of the first spouse, the deceased spouse's ownership interests pass to the surviving spouse, who then possesses half the ownership interests of the LLC. Upon the death of the surviving spouse, the surviving spouse's ownership in the LLC transfers to the Prices' children, who then each own equal shares of the LLC. Would any of these events constitute a transfer?*

6. *LLC Scenario 4: The Prices transfer their interests in the Property to a LLC prior to the September 27, 2026 transfer deadline. Our clients and their two children are the four owners of the LLC. Initially, our clients own the majority of ownership interests in the LLC. Throughout the Prices' lives, they transfer ownership interests in the LLC to their children, such that at the time of the first spouse's death, all ownership in the LLC is held entirely by their children. Would any of these events constitute a transfer?*

2. AUTHORITY:

CCC 14.02.020 Administrative interpretations.
Any project applicant or other person may request in writing an administrative interpretation of any development regulation. The county official charged with the responsibility of enforcing and interpreting the applicable regulation shall provide the requested interpretation in writing with supporting documentation within thirty calendar days of receipt of the request.

CCC 14.04.020 Director.
The director or his/her designee shall review and act on the following:

(1) **Authority**. The director is responsible for the administration of county code Titles 3, 11, 12, 13, 14 and 15 and associated RCWs and WACs.

(2) **Administrative Interpretation.** Upon request or as determined necessary, the director shall interpret the meaning or application of the provisions of said titles and issue a written administrative interpretation within thirty calendar days. Requests for interpretation shall be written and shall concisely identify the issue and desired interpretation.

3. ADMINISTRATIIVE INTERPRETATION SUMMARY:

It is important to note the Administrative Interpretation provided herein only applies to existing non-conforming transfers occurring on or before September 26, 2026. New conforming transfers are not permitted, even in the event of death or divorce, pursuant to CCC 11.88.290(4)(I)(i).

The following analysis and determination for each scenario directly corresponds to the specific examples being requested for interpretation under A (Background) above.

Referencing CCC 11.88.290 (4)(I)

> A short-term rental permit for a code compliant short-term rental permitted according to subsection (4)(D) of this section is only transferable to a new owner under the provisions below.
>
> > (i) With a conforming short-term rental the permit is not transferable, even in the event of death or divorce of an owner.
> >
> > (ii) A nonconforming short-term rental permitted according to the provisions of subsection (2)(E) of this section is allowed to transfer the existing permitted nonconforming status and currently issued operating permit to continue under a new owner one time within five years, except three years within the Manson urban growth area, of the effective date of the ordinance codified in this section (September 27, 2021) consistent with subsection (4)(I)(iii) of this section, and the new owner may continue to operate under the existing short-term rental permit for the remainder of the current registration year and renew permits and operate in subsequent years under the permitting requirements applicable to the original owner; provided, that within thirty calendar days of the property sale or transfer closing, the subject property's new owner wishing to transfer the short-term rental permit into their ownership has requested the transfer of the short-term rental permit from short-term rental staff at the Department and provided all requested materials to the department. The new owner shall provide signage and notification consistent with subsection (3)(G) of this section.
> >
> > (iii) A transfer occurs when the property is transferred by a person or entity, to another person or entity, or when officers of entities are changed to remove any officer or add any new officer or officers, except that <u>a transfer does not occur when officers are changed due to death where title is held in survivorship with a spouse or a transfer on the owner's death to benefit only a spouse or child(ren) for the lifetime of the spouse or child(ren).</u> The survivor may not sell or transfer title, except that title may transfer among the survivors. <u>A transfer also does not occur when due to divorce a former spouse's name is removed from the deed or entity.</u>
> >
> > (iv) No transfers of the existing nonconforming short-term rental status may occur other than as provided in this subsection (4)(I), and the second owner of a lawful permit transferred must obtain all required short-term rental permits and meet all applicable requirements of this chapter for all subsequent years beyond the current issued permit. If the property is transferred again, or is not issued a short-term rental permit in any subsequent years after initial transfer under this subsection (4)(I), the property loses its legal nonconforming status that would have applied to the original owner had they not transferred ownership.

Exceptions to the transfer rule stated in (iii) above are:

1. When officers are changed due to death where title is held in survivorship with a spouse or a transfer on the owner's death to benefit only a spouse or child(ren) for the lifetime of the spouse or child(ren).
2. When due to divorce, a former spouse's name is removed from the deed or entity.

General Rules:

1. A "transfer" occurs when the property is transferred by a person or entity to another person or entity.
2. A "transfer" occurs when a beneficial ownership of an entity is changed to remove or add a beneficial owner. In the case of an LLC, a transfer occurs when a member is removed or added. This also applies to situations where the owner of an LLC is another LLC or entity. If the ownership changes in the downstream or subsequent entities, a transfer occurs.

<u>Scenario 1 — Marital Community</u>

- Death of First Spouse (spouse → spouse): Exception No. 2 applies. **Not a transfer.**
- Death of Surviving Spouse (surviving spouse → two children): **It is a transfer.**

<u>Scenario 2 — Trust</u>

- Death of First Spouse (spouse's interest → trust, surviving spouse as trustee/sole lifetime beneficiary): **Not a transfer** if the only beneficial owner of the trust is the surviving spouse. **It is a transfer** if the trust identifies any other beneficial owner or entity beyond the surviving spouse. The property is being transferred to a new entity.

<u>Scenario 3 — LLC 1</u>

- Marital Community to LLC:. **It is a transfer,** however this would presumably be *the* one permitted transfer under the five-year window (11.88.290(4)(I)(ii)), so it would be an allowed transfer.
- Death of First Spouse (spouse interest in LLC → surviving spouse in LLC): **Not a transfer** as there is no change in beneficial ownership.
- Death of Surviving Spouse (spouse → two children): **It is a transfer.** An entity is transferring the property to two, new persons, or adding new individuals into the LLC.

<u>Scenario 4 — LLC 2</u>

- Marital Community to LLC: **It is a transfer,** however this would presumably be *the* one permitted transfer under the five-year window (11.88.290(4)(I)(ii)), so it would be an allowed transfer.
- Death of First Spouse (spouse interest in LLC → trust): **It is a transfer** as the ownership is being transferred to a new entity.
- Death of Surviving Spouse (surviving spouse LLC interest and trust → LLC naming two children): **It is a transfer.** The beneficial owner of an entity is being changed.

Scenario 5 — LLC 3

- Marital Community to LLC to include their 2 children. **It is a transfer,** however this would presumably be *the* one permitted transfer under the five-year window (11.88.290(4)(l)(ii)), so it would be an allowed transfer.
- Death of any of the 4 members of the LLC is **not a transfer** because all four family members are LLC owners from inception. The death events shift percentage interests among existing owners rather than adding a new owner.

Scenario 6 — LLC 4

- Marital Community to LLC: **It is a transfer,** however this would presumably be *the* one permitted transfer under the five-year window (11.88.290(4)(l)(ii)), so it would be an allowed transfer.
- Partial transfer of LLC ownership (parent → child). After September 26, 2026, as long as the parent still holds an ownership interest in the LLC, one of the general rules apply, **not a transfer.** If additional children are added after, September 26, 2026, **it is a transfer**
- Complete transfer of LLC ownership (parent → child). **It is a transfer.** If a parent extinguishes their ownership interest in the LLC, an owner is being removed from the entity.

This Administrative Interpretation is being issued under the authority of the Chelan County Community Development Director.

Deanna Walter

Deanna C. Walter, Director

9/18/26

Date of issuance

4 APPEALS

This written administrative interpretation is rendered, pursuant to the provisions found in Chelan County Code 14.04.020, to interpret the meaning or application of the provisions of the code refences listed above.

(1) An administrative appeal to the hearing examiner shall be filed with the department within ten working days of the issuance of the decision appealed, together with the applicable appeal fee.

(2) The notice of appeal shall contain a concise statement identifying:

(A) The decision being appealed;

(B) The name and address of the appellant and his/her interest(s) in the application or proposed development;

(C) The specific reasons why the appellant believes the decision to be erroneous, including identification of each finding of fact, each conclusion, and each condition or action ordered which the appellant alleges is erroneous. The appellant shall have the burden of proving the decision is erroneous;

(D) The specific relief sought by the appellant;

(E) The appeal fee (CCC 3.24).