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CALIFORNIA ASSOCIATION OF REALTORS®

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# Consumer Guide to Disclosure Requirements for Sellers

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## **Consumer Guide to Disclosure Requirements for Sellers**

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## **Consumer Guide to Disclosure Requirements for Buyers**

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## Introduction

If buying a home is the biggest step in a person's life, then *selling* a home may be the second biggest step. The process may seem overwhelming at times. Making the task even more daunting, is the abundance of state and federal disclosure laws to which sellers and real estate agents are subjected.

We need to get several things straight at the outset. First, the task of selling your home need not be as confusing as you might imagine it to be. In fact, one of the primary goals of this book is to take much of the mystery and uncertainty out of the process for you. Secondly, the various disclosure obligations which you must comply with are there for a good reason. They help to ensure that who ever buys your home does so with a full understanding of what they're getting for their money. A well-informed buyer is a satisfied buyer. And a buyer's satisfaction gives you the assurance you need that you'll have no problems after the close of escrow.

This book will take you step-by-step through some of the more common disclosures which you must make when selling a home. While we hope you find it extremely useful, you must also understand that it is not intended as an all-inclusive summary of disclosure laws. Special disclosure requirements may apply in some transactions. Your real estate agent can provide general guidance regarding common disclosure issues, but generally cannot advise you on legal matters. If you need legal advice, or have specific questions about legal duties when selling a home, you should consult with an attorney.

Now that the scary warning language is out of the way, relax, read this book, and prepare yourself for what should be safe and smooth transaction. With a little common sense, selling a home can actually be a fun, profitable, and rewarding experience.

## Real Estate Transfer Disclosure Statement

**Overview.** There are few disclosure requirements that receive more attention than the Real Estate Transfer Disclosure Statement. This disclosure, required of sellers and real estate agents in most home sales, is often viewed by buyers as the most important statement of a home's features and condition. This perception may be correct.

The Transfer Disclosure Statement (usually referred to as the "TDS") requires you to indicate whether your property is equipped with certain features (such as appliances and safety devices). It further requires you to identify any significant defects which you're aware of in certain structural components and systems. Then, on the second page, there is a list of questions which you must answer regarding your home and the surrounding neighborhood, such as whether the property contains potential environmental hazards (including mold), is subject to the authority of a homeowners' association, has suffered any damage during a natural disaster, and so on (C.A.R.'s Real Estate Transfer Disclosure Statement, Standard Form TDS, satisfies these requirements.)

It is very important that you fill the TDS out completely and thoroughly. A failure to disclose information of which you are aware could potentially result in a buyer taking legal action against you.

Finally, the TDS contains sections for the real estate agents involved in the transaction to make *their* disclosures.

**Are There Exceptions To The TDS Requirement?** As we said, the TDS is required in most home sales. There are, however, a few exemptions which you need to be aware of, including the following:

- Subdivision sales in which you are required to provide the buyer with a public report or in which you are *exempt* from providing a public report.
- Court-ordered sales, including sales ordered by a probate court or bankruptcy court.
- Sales by a beneficiary (lender) who has reacquired the property through a foreclosure sale (commonly referred to as "REO" sales).
- Most sales by "fiduciaries" representing trusts, guardianships, and conservatorships.

In most home sales, you must provide the buyer with a TDS "as soon as practicable before transfer of title." It is, however, quite possible that your purchase contract contains a different, and perhaps shorter, time frame for delivering the TDS. If so, you must comply with the purchase contract!

**What Are The Buyer's Rights?** The TDS is more than just a disclosure statement. The law also provides the buyer with the right to cancel his or her offer once you deliver the TDS. The buyer has a right to cancel only if you deliver the TDS *after* the purchase offer is executed. If you deliver the TDS to the buyer *before* the buyer executes the offer, you cut off his or her ability to disapprove the TDS. (This does not mean, however, that the buyer can't still conduct inspections and exercise any *other* cancellation rights provided by the terms of the purchase contract. That's an entirely separate issue).

## Natural Hazard Disclosures

**Overview.** We Californians always do things a little differently from everyone else. Even our natural disasters have a flair of their own. Unfortunately, while earthquakes, floods, and fires may make for splashy headlines, they also cause serious hardships for homeowners. In response, California has enacted a body of disclosure laws which require home sellers and/or their agents to investigate and disclose various matters pertaining to natural hazards. These disclosure obligations are often a *shared* duty; both you and your agent may have certain responsibilities under these laws, so you will probably have to coordinate your efforts carefully with your agent.

**Six Types Of Hazard Zones.** There are at least six types of hazard zones covered by California's natural hazard disclosure laws which you may be responsible for disclosing to the buyer. The following are the six zones, along with the agencies responsible for the identification and regulation of each zone. In addition, the person obligated to provide the disclosure, you or your agent, is also noted.

- **SPECIAL FLOOD HAZARD AREAS.** As the name implies, these are areas subject to unusual flood risks. Flood hazard zones are designated by the Federal Emergency Management Agency (FEMA). **Seller or seller's real estate agent.**
- **INUNDATION ZONES.** This is the common name given to areas subject to potential flooding in the event of a dam failure. Inundation zones are designated by the State Office of Emergency Services. **Seller or seller's real estate agent.**
- **VERY HIGH FIRE HAZARD SEVERITY ZONES.** Property owners in very high fire hazard severity zones are usually obligated to undertake specific maintenance duties (e.g., brush clearance) to mitigate fire hazards. Very high fire hazard severity zones are designated by the State Board of Forestry and Fire Protection. **Seller.**
- **WILDLAND FIRE AREAS.** Also known as state fire responsibility areas, these are zones wherein the state, rather than local agencies, has responsibility for fire suppression in most cases. Wildland fire areas are designated by the State Board of Forestry and Fire Protection. **Seller.**
- **EARTHQUAKE FAULT ZONES.** These are areas located a certain distance from earthquake fault lines. Earthquake fault zones are designated by the State Geologist. **Seller or seller's real estate agent.**
- **SEISMIC HAZARD ZONES.** Seismic hazard zones are areas which are subject to unusual ground movement during earthquakes. Seismic hazard zones are designated by the State Geologist. **Seller or seller's real estate agent.**

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## Consumer Guide to Disclosure Requirements for Sellers

**How To Make The Disclosure.** Natural hazard disclosures can be made in one of two ways. In most transactions which require a TDS or are sales of homes in new subdivisions, natural hazard disclosures technically need to be made on a specific disclosure statement called a Natural Hazard Disclosure statement (usually referred to as an "NHD") (C.A.R.'s Natural Hazard Disclosure Statement, Standard Form NHD, satisfies this requirement.). Alternatively, in *any* transaction, whether or not subject to the TDS requirement, you can hire a professional disclosure company to determine whether your property is located in any natural hazard zones, and to prepare a report which you can deliver to your buyer. Such a report, when properly prepared, satisfies your disclosure obligations.

**What Are The Buyer's Rights?** Once you've provided the buyer with a natural hazard disclosure, whether on an NHD form or a disclosure report prepared by a disclosure company, the buyer may have certain rights. First, if you were obligated to provide the buyer with an NHD, then the buyer has the same three- or five-day rescission right applicable to the TDS, and can cancel his or her offer in writing. For transactions which do *not* require an NHD, the buyer does not have an automatic rescission right. However, your purchase contract may give the buyer the right to disapprove your natural hazard disclosures *anyway*.

## Mello-Roos Districts and Bond Assessments

**Overview.** Do you like your neighborhood? Are you impressed with its schools? Its libraries? Are your police and fire departments well-manned and responsive? Are your streets first-rate? Quality public improvements and services can add substantial value to a home. But they also may come with a price tag.

To make sure that prospective home buyers understand the costs of these valuable public benefits, several recent laws now require you to provide your buyer with information regarding two types of public financing vehicles-Mello-Roos districts and bonds issued under the Improvement Bond Act of 1915.

A Mello-Roos Community Facilities district is an entity formed by a local government, district, or agency to finance various public services and facilities. A Mello-Roos district finances such projects by levying special taxes against the property owners within the area who will be benefited by these projects. The improvement Bond Act of 1915 authorizes local governments to issue bonds and assess homeowners for the construction of streets, highways, and other improvements.

If your property is subject to Mello-Roos taxes or bond assessments, California law generally requires you to disclose that fact to a buyer when you sell your home, subject to certain exceptions. Simply stated, in any transaction in which you are obligated to provide the buyer with a TDS, you must also comply with the Mello-Roos/Bond Act disclosure law. This also means that if you are *exempt* from the TDS law, you're also *exempt* from these disclosure requirements as well.

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## Consumer Guide to Disclosure Requirements for Sellers

**How To Make The Disclosure.** To comply with this law, you must make a *good faith effort* to obtain a *Notice of Special Tax or a Notice of Special Assessment* from each local agency that levies a special Mello-Roos tax on your property or collects bond assessments. These notices may be combined in a single document. If and when you are able to obtain the required notice (it's possible that the local agency might *not* be able to supply you with a notice), you must give it to your buyer, either by personal delivery or by mail. Also note that some of the professional disclosure companies available to assist you with natural hazard disclosures might also be able to assist with Mello-Roos and assessment disclosures.

**What Are The Buyer's Rights?** Because the Mello-Roos and assessment disclosure requirements are part of the TDS law, the buyer has the same rescission rights he or she would have upon receiving a TDS. The buyer has three days after personal delivery of the required notice (or five days if you deliver it by mail or by agreed electronic means) to terminate the purchase offer by providing you with a written notice of cancellation.

## The Environmental Hazards Book

**Overview.** You might be surprised by the number of toxic substances and other health hazards that can exist in and around your home. Only in recent years have we begun to understand the risks associated with asbestos, certain types of mold, radon, and a host of other natural and manmade substances which are often found in residential properties.

You probably do not know whether your home contains such hazards. It is also unlikely that the person buying your home will be able to identify such hazards (unless he or she conducts property inspections).

To ensure that your buyer is properly informed of these risks, California has developed an information booklet entitled *Environmental Hazards: A Guide for Homeowners, Buyers, Landlords and Tenants*, which you or your agent can give to the buyer to educate him or her as to the possible environmental hazards which your home may contain. This booklet, currently available from C.A.R., goes one step further, however. Once you or your agent has delivered the booklet to the buyer, any disclosure duties which you might have had regarding the issues addressed within it are satisfied. Think of this booklet as inexpensive insurance against a buyer later trying to involve you in a legal dispute over environmental hazards.

**Not A Mandatory Disclosure.** Unless your purchase contract requires you to provide the buyer with a copy of the environmental hazards booklet, you have no specific *legal* obligation to do so. As indicated above, however, it is usually a very good idea to provide the booklet in a home sale, since it can significantly reduce your risk of legal problems down the road.

## Lead Paint Disclosures

**Overview.** If you think environmental hazards are just a *state* concern, guess again. The federal government stepped up to the plate with its *own* disclosure law aimed at elevating public awareness about the dangers of lead paint hazards in residential properties. The concern is a real one. Many people, especially children, have suffered serious physical effects from ingesting lead. This federal legislation requires you, as a home seller, to take a *number* of steps to ensure that your buyer is well informed about these potential dangers.

The federal lead paint disclosure law applies to most leases and sales of residential property constructed *before 1978*. If you are selling a newer home, you would generally *still* be obligated to disclose known lead paint and other lead hazards in your home, but would not be obligated to comply with the additional requirements of the federal law.

**Your Duties Under The Federal Lead Disclosure Law.** To properly comply with the federal lead disclosure law, you must provide the buyer with the following:

**Informational Booklet Or Pamphlet.** The federal government has developed a small pamphlet entitled *Protect Your Family From Lead in Your Home*, which explains the risks of household lead hazards. The law requires you to deliver this booklet, or an approved substitute, to the buyer. In California, the most recent version of our environmental hazards booklet, which we discussed above, *has* been approved as a substitute for the federal booklet. Therefore, you can give the buyer either of these booklets.

**The Buyer Must Be Given A 10-Day Inspection Right.** In addition to the informational booklet, you must give the buyer a 10-day opportunity to inspect your home for lead hazards. It is permissible, however, to negotiate this point. You may negotiate a different time frame with the buyer, and the buyer can waive his or her right to the inspection *entirely*.

**Disclosures And Reports.** The law requires you to disclose any lead-based paint and lead-based paint hazards in your home which you have *actual knowledge* of on a statutorily mandated form. (C.A.R.'s Lead-Based Paint and Lead-Based Paint Hazards Disclosure, Acknowledgement and Addendum, Standard Form FLD, satisfies this requirement.) As part of this process, you must also provide the buyer with any available reports which you might have obtained covering lead hazards. Most real estate agents have access to forms which allow you to make these disclosures in one simple document.

**What Are The Buyer's Rights?** Apart from any inspection right you negotiate with your buyer, federal law does not give the buyer any special rights when he or she receives your lead hazard disclosures. However, federal regulators *do* require that buyers receive certain additional rights if your lead disclosures are delivered after you've already signed the purchase contract. C.A.R.'s residential purchase agreements satisfy these additional requirements by giving your buyer the right to cancel your contract after you deliver the disclosures. Again, using a proper contract can help to ensure that you comply with lead disclosure requirements, and many other legal requirements as well.



## The Homeowner's Guide to Earthquake Safety and The Commercial Property Owner's Guide To Earthquake Safety

**Overview.** In California, you almost can't over-disclose the potential impact which earthquakes can have on a home. We live in earthquake country, and buyers need to know that. Fortunately, California law is becoming very streamlined in this area, making your disclosure duties increasingly simple. To this end, the law has created two information booklets designed to increase property owners' awareness and understanding of earthquake hazards--*The Homeowners Guide to Earthquake Safety* (often referred to simply as *The Homeowner's Guide*) and *The Commercial Property Owner's Guide to Earthquake Safety* (*The Commercial Guide*).

These booklets provide homeowners and buyers with a tremendous amount of information on how earthquakes can impact a home. By giving your buyer the appropriate booklet, you not only discharge many of your disclosure duties regarding earthquake hazards, but ensure yourself of a more satisfied buyer.

The earthquake booklets are somewhat unique in that you must provide them in certain transactions, but they are optional in others. In transactions where *The Homeowner's Guide* is required, you must also make certain *additional* disclosures. The situations in which delivery of the earthquake booklets is *mandatory* are as follows:

**THE HOMEOWNER'S GUIDE.** You must provide *The Homeowner's Guide* and certain additional disclosures if-

- The property consists of one-to-four residential dwellings;
- The property was built prior to January 1, 1960;
- The property is of conventional light-frame construction; and
- No exemption applies.

**THE COMMERCIAL GUIDE.** You must provide *The Commercial Guide* if-

- The property is a pre-cast concrete, reinforced masonry, or unreinforced masonry building with wood frame floors or roofs;
- The building was built before January 1, 1975;
- The property is located within a county or a city; and
- No exemption applies.

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## Consumer Guide to Disclosure Requirements for Sellers

Despite its misleading name, *The Commercial Guide* can apply to home sales. While most homes are of light-frame construction, there are nonetheless plenty of concrete or masonry residences in existence.

**Additional Disclosures With *The Homeowner's Guide*.** If you are obligated to give *The Homeowner's Guide*, then you must also make certain *additional* disclosures concerning earthquake-related risks and defects in your home. The law does not dictate how you should make these disclosures. However, most sellers make these additional disclosures on a report which is contained right within *The Homeowner's Guide*. By answering the questions in this report based on your *actual knowledge* (and it's okay if you don't know the answers to the questions, since "I don't know" is an acceptable answer), you satisfy these additional disclosure duties.

## Military Ordnance Locations

**Overview.** Recently, several tragic incidents involving abandoned munitions prompted California to enact legislation aimed at preventing such tragedies. This law requires you, as a home seller, to disclose whether or not you're aware that your property is located in a former ordnance location.

The law contains a very specific definition of what constitutes a former ordnance location. For purposes of this law, a "former federal or state ordnance location" means an area identified by an agency or instrumentality of the federal or state government as an area once used for military training purposes which may contain potentially explosive munitions.

**How To Make The Disclosure.** California's military ordnance location disclosure is part of the TDS law, and therefore only needs to be given in transactions where you are *also* required to deliver a TDS. To comply with this law, you simply need to disclose your *knowledge* that a former federal or state ordnance location is within *one mile* of your property. Your disclosure must be in writing, and must be delivered to the buyer as soon as practicable before transfer of title.

**What Are The Buyer's Rights?** Because the military ordnance disclosure is part of the TDS law, the buyer has the same three- or five-day rescission right he or she would have upon receipt of a TDS.

## FHA Inspection Disclosure

**Overview.** If your buyer is purchasing your home with the assistance of FHA financing, he or she is probably entitled to a disclosure statement which reminds him or her of the importance of obtaining an inspection of your home. (C.A.R.'s for your Protection: Get a Home Inspection, Standard Form HID, satisfies this requirement.) Many buyers incorrectly assume that FHA's approval of financing is also assurance that they are purchasing a high-quality home. In reality, FHA does not insure the condition of a home, and the appraisal required to obtain FHA financing is for the benefit of FHA in determining the insurability of the loan. The FHA inspection notice informs the buyer of these points.

The buyer must be provided with an FHA inspection notice in *any* transaction involving FHA mortgage insurance, with the following three exceptions:

- Mortgages insured under FHA's Home Equity Conversion Mortgage program, if the buyer certifies that a child under the age of six will not be residing in the property.
- New construction (since the house was recently inspected during construction).
- Refinance transactions.

**How To Make The Disclosure.** The law does not clearly state *who* is obligated to give the FHA inspection notice to the buyer. Nonetheless, you or your agent should take reasonable steps to ensure that the notice is given to the buyer. The law requires that the notice be signed and dated by the buyer on or before the date the sales contract is executed, so prompt action is required to ensure full compliance with this law.

## Tax Withholding

**Overview.** Would you mind very much if your buyer told escrow to hold back over 13% of your sales proceeds when you close escrow? Under certain circumstances, the buyer not only can, but *must* withhold a certain portion of your proceeds and forward them to the IRS and/or California's Franchise Tax Board to cover your potential tax liabilities. Fortunately, this is true only in limited cases.

**Federal Withholding Rules.** Under a federal law commonly referred to as FIRPTA, on any sale of a U.S. real property interest by a "foreign person," the buyer must forward 10% of the sales proceeds to the Internal Revenue Service. Generally speaking, a "foreign person" is any nonresident alien. You are *not* a foreign person if you are a U.S. citizen, hold a valid green card, or meet certain other residency requirements.

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## Consumer Guide to Disclosure Requirements for Sellers

There are several situations where *no* withholding is required under federal law. The following are a few of the most commonly encountered exceptions:

**Nonforeign Affidavit.** To relieve a buyer of potential liability for failing to withhold sales proceeds, you can simply sign an affidavit confirming that you are *not* a foreign person. Such affidavits are routinely signed by sellers, so it is likely that you will be signing one in your transactions. (C.A.R.'s Seller's Affidavit of Nonforeign Status and/or California Residency, Standard Form AS, satisfies this requirement.)

**Buyer To Reside In Property.** Federal law provides that, if your buyer intends to reside in the property as his or her principal residence and the sales price is no more the \$300,000, the buyer is generally not obligated to withhold any of your sales proceeds and should sign a statement to this effect. In these cases, the real estate agents in your transaction may ask the buyer to sign a statement confirming that no tax withholding is required. (C.A.R.'s Buyer's Affidavit, Standard Form AB, can be used for this purpose).

**California Withholding Rules.** You should consult with a tax professional or lawyer regarding your tax status or liability. Like the federal government, California *also* requires buyer to withhold a seller's proceeds under certain circumstances. If your proceeds will be disbursed to a "financial intermediary" (an agent who receives and transfers funds on your behalf) or to *you* at a street address outside of California, the buyer must withhold 3-1/3% of your sales proceeds in most cases. Like the federal withholding rules, California's withholding rules are subject to certain exceptions, including the following:

**Affidavit.** Like FIRPTA, California's withholding law excuses the buyer from withholding if you sign an affidavit stating that you are a California resident, or that your home is a principal residence which is subject to deferral of capital gains taxes under federal law, or that your home was last used by you as your principal residence, as defined by federal tax law, even if you may not have owned and used the property as a principal residence for two out of the last five years. If either of these is true, you should sign the affidavit since it assures the buyer that he or she has no obligation to withhold. (Again, C.A.R. Seller's Affidavit of Nonforeign Status, Form AS, satisfies this requirement.)

**Sales of \$100,000 Or Less.** If the sales price of your property does not exceed \$100,000, again the buyer is excused from withholding.

## Smoke Detector and Water Heater Statement of Compliance

**Overview.** A home can never be too safe. Hopefully, you've taken the necessary precautions to outfit your home with the safety devices needed to ensure the safety of its occupants. But perhaps you haven't. There are two safety devices that are so important that California has passed legislation which *requires* you to install them—smoke detectors and water heater straps or braces. Once installed, you must also certify to your buyer that you have complied with these obligations. Now for some more details.

**Smoke Detectors.** California law requires that single-family homes sold in California have operable smoke detectors approved by, and installed according to the regulations of the State Fire Marshal's office. When you sell your home, you must provide the buyer with a written statement indicating that you have complied with these requirements. (C.A.R.'s Water Heater and Smoke Detector Statement of Compliance, WHSD, or section D. 1 of the TDS, signed by you satisfies this requirement).

There are several exceptions to this law, most of which are similar to the exceptions to the TDS requirement. Thus, if you are exempt from giving a TDS, you generally don't have to deliver a smoke detector compliance statement either.

**Water Heater Bracing.** California passed a law requiring existing residential water heaters to be braced, anchored, or strapped to resist falling or horizontal displacement during an earthquake. While there are different ways of bracing water heaters, the law requires that residential water heaters be braced in accordance with the California Plumbing Code, or any *modifications* of the Plumbing Code made by your city and/or county. Thus, you generally should consult with your city or county to confirm their requirements for water heater bracing.

Once you have properly secured your water heater, you must give your buyer a written certification of compliance (C.A.R.'s Water Heater Statement of Compliance, Standard Form WHS, or Water Heater and Smoke Detector Statement of Compliance, WHSD, or section D. 2 of the TDS, signed by you satisfies this requirement). Unlike the smoke detector compliance statement, however, there are no exceptions to this requirement. Even a seller who might be exempt from providing a TDS or a smoke detector compliance statement usually must provide a water heater bracing certification.

## Agency Disclosures

**Overview.** You are probably working with a real estate agent. You also probably realize that he or she owes you special duties and has to represent your interests. But if you're like most people, you probably don't fully understand what having an agent really means. That's understandable; unless you're an attorney, the subtleties of agency law are not something you're expected to know.

Recognizing this, California has developed certain disclosures which real estate agents give to their clients to better educate them as to what an agent is and does. (C.A.R.'s Disclosure Regarding Real Estate Agency Relationships, Standard Form AD, or C.A.R.'s *Property Transaction Booklet* -an in-depth discussion and disclosure of a real estate agent's duties--satisfy this requirement). Most importantly, these disclosures explain to you the distinction between an agent who works exclusively for one party, versus a *dual* agent, who represents both the buyer and the seller in a transaction.

Fortunately for you, there's little you need to do with the agency disclosure except read it and sign an acknowledgement that you have received it. The buyer is typically provided with an agency disclosure by his or her *own* agent (or your agent, if he or she is acting as a *dual* agent), so you have no duty to deliver any agency disclosures to the buyer.

Please read your agency disclosure carefully. You are the one who hired an agent, so only you can know whether your expectations of an agent are being met.

## Registered Sex Offenders

**Overview.** Crime is a fact of life-one that a home buyer must take into consideration when deciding whether or not to purchase your property. While *any* neighborhood crime problem might affect a buyer's decision to buy or not to buy your home, occasionally the law steps in to ensure that buyers receive special information regarding certain crimes. Sex-related offenses are a case in point. California now maintains a publicly-accessible database of registered sex offenders, which allows citizens to research the location of sex offenders within their communities. Of course, this information is not useful unless the public is *aware* of it, which is why California now requires home buyers to be given information about the database.

**How To Make The Disclosure.** Your disclosure duties regarding California's sex offender database are generally simple and straightforward. The law now requires purchase contracts for the sale of residential one-to-four-unit properties to contain a very specific notice explaining the database. Once a buyer receives this notice, your job is done; you are not required to provide additional information about the database or the location of sex offenders, unless you have some specific knowledge about sex offenders that requires separate disclosure.

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## Consumer Guide to Disclosure Requirements for Sellers

Most standard real estate contracts used in California, including C.A.R.'s residential purchase agreements, now contain the required database disclosure. Just make sure that your purchase contract includes this notice, and you've satisfied this important legal requirement.

**What Are The Buyer's Rights?** The law does not provide a home buyer with any specific rights when he or she receives the database disclosure from a seller. Nonetheless, purchase contracts typically encourage buyers to investigate crime-related issues which might impact their prospective home purchases, and may provide a buyer with a right to cancel a transaction if he or she discovers information which is unacceptable to him or her.

### NOTICE OF "SUPPLEMENTAL" PROPERTY TAX BILL

California law requires that you or your agent provide the buyer with a notice that since California property tax law requires the Assessor to revalue real property at the time ownership of the property changes, the buyer may receive one or two supplemental tax bills depending on the closing date of the buyer's loan and that it is the buyer's obligation to pay these supplemental tax bills directly to the tax collector when billed. (C.A.R. form SPT, satisfies this requirement).

### ADDITIONAL DISCLOSURES

You are also required by law to make the following disclosures regarding your property if you are aware that they apply to your property:

- 1) Whether there has been a release of an illegal controlled substance (most commonly the release of chemicals from the manufacture of illegal narcotics) on or beneath the property.
- 2) Whether the property is located in or adjacent to an "industrial use" zone and if it is, whether the property is affected by a nuisance created by that "industrial zone." In general, an industrial zone is a district allowing manufacturing, commercial uses or an airport.
- 3) Many purchase contracts in California including the C.A.R. purchase contract also make it a contractual obligation of the seller to disclose insurance claims which affect the property in the five years prior to the date of the contract.
- 4) Any death on the property within the last three years.

These additional disclosures can be made on the C.A.R. form Exempt Seller Disclosure (ESD).

There may be many other disclosures, required both by law and by the C.A.R. standard purchase contract, not listed in this publication. You should also check any laws from local cities or counties to ensure compliance.

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**Consumer Guide to Disclosure Requirements for Sellers**

To Whom It May Concern: I have received a copy of the *Consumer Guide to Disclosure Requirements for Sellers*.

Property Address: 515 S Sierra Ave Unit 128, Solana Beach, CA 92075-2272

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Date: \_\_\_\_\_ Time: \_\_\_\_\_

Signature: \_\_\_\_\_  
(seller)

Printed name: Lawrence Leichman & Cynthia Leichman Family Trust

Date: \_\_\_\_\_ Time: \_\_\_\_\_

Signature: \_\_\_\_\_  
(agent)

Printed name: Gary Martin

(seller's copy)

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To Whom It May Concern: I have received a copy of the *Consumer Guide to Disclosure Requirements for Sellers*.

Property Address: 515 S Sierra Ave Unit 128, Solana Beach, CA 92075-2272

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Date: \_\_\_\_\_ Time: \_\_\_\_\_

Signature: \_\_\_\_\_  
(seller)

Printed name: Lawrence Leichman & Cynthia Leichman Family Trust

Date: \_\_\_\_\_ Time: \_\_\_\_\_

Signature: \_\_\_\_\_  
(agent)

Printed name: Gary Martin

(agent's copy)