

Disclosure Requirements



The buyer's first, and most important, step when buying a home is to commit themselves to a basic and important fact:

It is the buyer's responsibility to make sure that they are happy with their purchase



Sellers and real estate agents must, by law, provide the buyer with certain information which will *assist* the buyer in deciding whether a property is right for them. However, those obligations are *limited*. While a seller and real estate agent are generally required to disclose certain basic information regarding a home, there are many aspects of a property which they may not be aware of, but which may nonetheless be very important to the buyer.

Every property has certain defects; there is no such thing as a "perfect" property. In addition, there may be things about a property or its surrounding neighborhood which do not have to be disclosed to the buyer, but which may significantly impact your decision to go through with the purchase. The quality of schools, access to transportation, the objectives of local government...these are just a few of the things which sellers and real estate agents generally have no obligation to investigate for the buyer. Again, the buyer must take it upon *him or her self* to make their purchase a satisfying one.

California law has produced a substantial number of disclosure laws aimed at providing buyers with much of the basic information they need to assess the desirability of a home.

Legalities of Home Preparation

Some sellers make a severe mistake and try to cover up problems that exist with a home. An example is painting an interior wall to cover up a discolored area caused by a leak in the exterior wall or roof. The buyer will take action six months later when it rains and the leak appears. This is an example of withholding pertinent information and falls under the laws of seller disclosure.

Since the mid 1980's many states have made it mandatory that a seller disclose, to every potential buyer, any existing problems or defects of which the seller is aware.

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Transfer Disclosure Statement

The Real Estate Disclosure Statement requires the seller of the home to disclose the basic features of the property, along with various defects and other conditions which may affect its value of desirability. In addition, this statement includes sections for the real estate agents in the transaction to disclose property conditions and defects which they have uncovered during the legally-mandated visual inspections of the property.

What is disclosed:

The Transfer Disclosure Statement (usually referred to as the “TDS”) requires the seller to do the following:

- List features which the property contains, including appliances, heating and air conditioning systems, safety features, and other similar items.
- Identify any significant defects or malfunctions in the home’s structure and systems
- Indicate whether there are conditions which might impact the property, including hazardous substances, easements, additions built without permits, flooding problems, etc.

Natural Hazard Disclosure

Zones, and what they mean to you. California law recognizes at least six types of hazard zones as having particular importance to home buyers. The following are the six zones, along with agencies responsible for the identification and regulation of each zone.



- **Flood Hazard Zones.** As the name implies, these are areas subject to unusual flood risks. Flood hazard zones are designated by the Federal Emergency Management Agency.
- **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.
- **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.
- **Woodland 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.
- **Earthquake Fault Zones.** These are areas located a certain distance from earthquake fault lines. Earthquake fault zones are designated by the State Geologist.
- **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.

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Are these the only hazard zones in existence? No! The home you are purchasing could be in any one of a number of other state or local hazard zones, most of which the seller and real estate agents have no obligation to disclose (unless, of course, they are aware that the property is located in such zones). If you believe this type of information may be important to you, please take it upon yourself to obtain it.

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

California law has created two informational booklets designed to increase property owner's awareness and understanding of earthquake hazards—*The Homeowner's Guide to Earthquake Safety* (often referred to simply as *The Homeowner's Guide*) and *The Commercial Property Owner's Guide to Earthquake Safety* (or *The Commercial Guide*).



These booklets contain a wealth of information which is of value not only when purchasing your new home, but also later down the road as you strive to make your property safer and more “earthquake-ready”.

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