



California Real Estate Inspection Association (CREIA) Press / Media Information
Latest Press Release: Home Sellers Must Disclose, Cautions the California Real Estate Inspection Association (CREIA)

Courtesy of the California Real Estate Inspection Association (CREIA)

July 2005 (Palm Springs, Calif.) — California's only state nonprofit organization that is dedicated to consumer awareness — *the California Real Estate Inspection Association (www.CREIA.org)* — cautions home sellers to not overlook their disclosure obligations...regardless of the condition of the home or the urgency of market.

California law requires sellers to furnish prospective buyers with a completed "Real Estate Transfer Disclosure Statement," commonly referred to as a "TDS". The TDS is basically a list of obligations sellers have to disclose regarding any and all known defects that could be interpreted as a material defect. A material defect is a condition that significantly affects the value, desirability, habitability, or safety of the building. Any such defect would also directly affect the marketability of the property.

The purpose of the disclosure statement is two-fold: The most obvious is to inform buyers of the condition of the property they are buying. The added benefit, often overlooked, is the liability protection provided for sellers. In this respect, the disclosure statement helps to minimize the likelihood of claims, disputes, or lawsuits occurring after the close of escrow.

Reasonable buyers are not likely to be troubled or concerned about small repaired item such as a hairline crack, but there are litigious individuals with whom the seller must be cautious. It is not whether you are required to disclose the crack, but it is to your advantage to disclose it. In so doing, that condition becomes one less issue with the potential to incite future conflict. In the unlikely event that a problem regarding the crack should ever arise, your defense would be strengthened by the fact that you had made full disclosure. The process is actually quite simple: just declare, in writing, that the crack was evaluated and repaired by a reputable licensed general contractor, and include a copy of the paper work that you received from the contractor. This should reassure, rather than alarm, most potential buyers.

There are several misunderstandings and/or misconceptions held by the general public regarding "As Is" real estate listings. When the property listing states the house is being sold "As Is", this does not relieve the seller from certain real estate laws relating to the sale and transfer of ownership of real estate in California. In an "As Is" transaction the seller is still required to disclose all known material facts to the buyer. Thus, a residential dwelling being sold "As Is" is really being sold "As Is As Disclosed" and that the seller is not going to fix nor credit the cost of the fix to the buyer.

Buyers should know that many times home sellers are not always aware what defects may lurk on the roof or in the electric, plumbing or heating/cooling systems or even within the attic or foundation spaces. That is precisely why it behooves all sellers to strongly consider obtaining a pre-listing home inspection. This will allow the inspector to perform a professional evaluation of all of the home's systems and components without the buyer being in the picture. It also affords the seller the opportunity, without duress of time constraints, to make a judgment whether to correct any defects listed within the inspector's written report, schedule further evaluations where suggested by the inspector, and/or to just list the defects discovered and described by the inspector in the seller's TDS and set the home's sales price accordingly.

It is imperative to secure the services of a competent home inspector. A poor inspection can have a drastic consequence. Make sure to retain an inspector who is trained and experienced in home inspection, maintains proper insurance, and is a member of a professional association such as the CREIA. With more than 1200 members, CREIA has been successfully setting the standard – in the field, in the courtroom and in the legislature – for more than a quarter of century. As the oldest and largest nonprofit state inspector association in the country, CREIA is California-specific in its education and consumer outreach. CREIA is dedicated to enhancing consumer protection and promoting public awareness.

Many inspectors claim to be CREIA members or claim their reports meet or follow CREIA's Standards of Practice. Do not be fooled; ask to see the CREIA badge or contact [CREIA](http://www.CREIA.org) to verify their active, certified membership. At present, anyone can claim to be a home inspector. Therefore, buyers and sellers must exercise extreme care and cautious consideration before hiring just anyone.

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Since 1976, the California Real Estate Inspection Association (CREIA), a non-profit voluntary membership organization has been providing education, training, and support services to the real estate inspection industry and to the public. Inspectors must adhere to CREIA's Code of Ethics and follow the Standards of Practice developed by the association. These Standards of Practice have been recognized by the State of California, and are considered the source for home inspector Standard of Care by the real estate and legal communities.