



UNDERSTANDING DISCLOSURES

And Property Inspections Reports

When a buyer signs a purchase contract, an important property inspection and disclosure process will begin. During this process, Sellers are required, by contract and also state law, to disclose information about the property to the Buyer. This information is disclosed through several documents which the Buyer receives during the inspection and disclosure process. Below is a list of the documents Buyer's will likely receive as well as a brief description of what Buyer's should expect to find in each document.

Real Estate Transfer Disclosure Statements (TDS)

Sellers are required to furnish prospective buyers with a complete disclosure of all known defects which might affect the value, desirability, or safety of the home. This information informs buyers of the condition of the property they are buying and protects the seller by minimizing the chance of claims or disputes after the closing.

Physical Inspection

The physical inspection provides an overall assessment of the condition of the property. It includes a review of exterior siding, paint, flooring, appliances, water heater, electrical service, furnace, and roof. This inspection is typically paid for by the Buyer.

Structural Pest Control Inspection or Termite Report

Wood destroying insects and other organisms can cause serious problems in the wood structural components of a house and may go undetected for a long period of time. This inspection looks for and discloses evidence of termites or other types of wood-destroying pests and dry-rot. The report and corrective work expenses are negotiable and will be specified in your Purchase Contract.

Natural Hazard Disclosure Statement

The Natural Hazard Disclosure Statement identifies natural hazard areas which affect the property. These might include fire and flood zones, earthquake faults zones, seismic zones, and City and County natural hazards such as landslides. Some reports supply property information other than natural hazards. This might include information about airport noise zones, and Megan's Law and Mello-Roos tax information.

City Property Inspections

City inspections and requirements vary widely from city to city. For example, some cities require that buyers receive a report of the residential building records for the subject property prior to closing. Others have water conservation, retrofit, and smoke detector requirements which must be met.

Homeowners Association Documents

Usually title and escrow will request a package of documents from the association's management company. These include the governing documents of the association such as the Bylaws and Covenants, Conditions, and Restrictions (CC&R's) as well as important financial information and property transfer requirements which can affect both buyer and seller. We recommend Buyers study the CC&R's. The covenants or agreements stipulated in the document may have a significant effect on the buyer's use and enjoyment of his or her property. The management company will also provide a statement which discloses the status of the seller's account and the fees which must be paid to complete the transfer process.



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