

## Full Disclosure: What You Need To Tell Buyers About Your Home

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Whether you have owned your home for a few years or a few decades, you know its quirks, best features and flaws. When you morph from homeowner to home seller you need to be aware that your experience with your home is something you may have to share with potential buyers.

Most buyers opt to have a home inspection before they finalize their purchase, but you as the seller must also follow state and federal regulations regarding disclosure of known facts about your property's condition.

As a seller you may feel uncomfortable revealing problems in your home that could discourage potential buyers, but it's best to be open about issues before your home goes under contract. A home inspector is likely to find problems and the buyers will be less favorably inclined to negotiate with you if they feel you have

withheld information. If a flaw is found after the sale is complete and the buyers have reason to believe you were aware of the problem, you could face a lawsuit.

## **Federal disclosure Rules**

The majority of disclosure issues are handled by state regulations, but federal laws apply to one area: lead paint. If your home was built prior to 1978, it may contain lead paint. Your home must be checked for lead paint and a disclosure form completed unless your home was built after 1978.

## **State Disclosure Rules**

State regulations vary and often change, so rely on your **REALTOR®** to be up-to-date on disclosure requirements for your area. Some states allow sellers to complete a disclosure form listing information about their home, or a disclaimer form that says the sellers don't have any information about issues in the property.

In some areas you need to disclose what you know about natural hazards such as whether your home is in a flood zone or in an area known for earthquakes; other required disclosures can involve pollution issues, prospective zoning changes or the fact that a home is located within a historic district.

Another issue that sometimes causes problems is when a home has been a crime scene or if someone died on the property. Sellers may not want to disclose this for fear of stigmatizing the property, but if the buyers find out later they can sue if they believe the property's history will hurt its resale value.

Sellers should be aware that some issues are particularly important, such as previous problems with mold; the foundation; termites; and electrical, plumbing or roof issues. If you have made repairs to your property, it's usually best to disclose the information when you list your home for sale, even if local regulations don't require you to do so.

## **Impact of Disclosure**

Most sellers are aware of the benefit of letting prospective buyers know about positive features of their home such as new appliances or a new roof, but there can also be a benefit in disclosing defects in your home. Any issue that you have addressed during the years in your home can provide proof that you've kept up with maintenance. You may want to provide a binder with receipts and insurance claim information to show buyers what work has been done on your home.

If there's an ongoing problem that buyers will need to handle, it's better for them to hear about it from you so you can negotiate about when repairs must be made and who will pay for them. In fact, if you have a particular concern about your home, you may want to hire a home inspector yourself to get to the details before you put your property on the market.

Openness about your home's condition is the best way to avoid lawsuits, even if it's not required in your state.