

What are disclosures and how can they make or break a deal?

You've heard the advice, "Buyer beware," and that's especially true in real estate.

It is a buyer's responsibility to do their due diligence to check any issues that may come with the property they are buying. One of the ways to do that is to order a home inspection. They're an important part of the process of buying a home, but the home inspection may or may not uncover hidden issues — for example, the presence of an underground oil tank, or the presence of asbestos may not be revealed during the home inspection.

Fortunately, in Connecticut, sellers are required to provide a Property Disclosure Report to



potential buyers. This is a standard residential property disclosure form that consists of 38 questions that sellers must complete. This provides a historic snapshot of the property's health and maintenance during the time that the seller has owned it.

Mechanical and structural is-

ues — such as heating issues, past fire damage, basement dampness, or the presence or removal of underground oil tanks — must be disclosed.

According to Connecticut General Statutes, Section 20-327b, the seller is required to provide this disclosure to potential buyers prior to the execution of a binder or purchase contract. If the home was built prior to 1978, the seller is required to complete a separate form that discloses the presence of lead paint on the property.

In addition to the property disclosure form and lead disclosure form, the Connecticut Association of Realtors also have a mold disclosure form that is not required

by law, but will sometimes be provided by some sellers.

So what happens if the seller does not want to provide the disclosure form? If they opt not to submit the property disclosure form, they will have to give the buyer a credit of \$500 at closing. It is common for sellers not to bother with the disclosure form, because they would rather pay the \$500 penalty now to protect themselves from being dragged into a potential lawsuit in the future. However, by not completing the property disclosure form, potential buyers may suspect the seller is hiding issues. This can backfire and turn potential buyers away from the property.

On the flipside, if the seller

completes the Property Disclosure Form and there are many issues disclosed, the number of potential problems or necessary fixes may be a potential turnoff, as well, and can break the deal.

Sellers and their Realtors have to weigh the options and determine which strategy is best. For buyers, that means it's very important to leverage the inspection, do their homework, and do their own due diligence, even it means that bringing in further experts, such as engineers, plumbers, roofers and others to help make an informed decision.

Joselynn Chua, Coldwell Banker Residential Brokerage, (646) 319-0568 cell, joselynn.chua@cbmoves.com