



## **POLICY STATEMENT SELLER DISCLOSURE**

### **Background**

The real estate seller disclosure law applies to the transfer of interest in one to four residential dwelling units, whether by sale, exchange, installment sales contract, lease with an option to purchase, grant or transfer of interest of unit in a residential condominium cooperative. Sellers who intend to transfer any interest in residential real property must disclose all known material defects in a property disclosure statement and deliver a signed and dated copy to the buyer prior to the signing of a written agreement that would, subject to the satisfaction of any negotiated contingencies, require the prospective buyer to accept a transfer of the property.

The disclosure statement is designed to assist the seller in complying with the disclosure requirements and to assist the buyer in evaluating the property being considered. Though fairly comprehensive, the statement does not relieve the seller of the obligation to disclose a material defect that may not be addressed on the form. At the same time, the statement is not a substitute for any inspections or warranties that the buyer may wish to obtain, but only reveals the seller's knowledge of the condition of the property as of the date signed by the seller. By defining material defect and by requiring sellers to complete a comprehensive form assures that sellers make disclosures about information critical to a transaction that would not otherwise be available to buyers. To that extent, the law benefits both buyers and sellers.

### **PAR Position**

PAR represents buyers and sellers and understands that Pennsylvania's disclosure requirements must distinguish a seller's obligation to reveal material defects from a buyer's obligation to conduct due diligence as to the property's suitability for the buyer's needs. Included in a buyer's due diligence is the need to access readily available public records relating to matters of title, tax assessment, flood plain status and the like.

PAR believes that the disclosure form required by the Pennsylvania State Real Estate Commission provides a careful balance between a seller's and buyer's obligations with respect to disclosure and due diligence. The SREC, composed of industry and public members, and legislatively charged with the task of creating the disclosure form, is in the best position to maintain and amend it. Tasking the general assembly to address disclosure issues can result in a piece-meal approach that may duplicate federal or local requirements and can unduly burden the form. The SREC is the body delegated by the general assembly to make changes to the disclosure form.

PAR acknowledges the likelihood that the general assembly will seek to amend disclosure requirements and recognizes the need to engage to assure the best possible outcome consistent with the policy of **striking an appropriate balance between disclosure and the exercise of due diligence.**

*Approved by the PAR Board of Directors  
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