CALIFORNIA ASSOCIATION OF REALTORS®

SELLER'S ADVISORY

(C.A.R. Form SA, Revised 6/26)

1. **INTRODUCTION:** Selling property in California is a process that involves many steps. From start to finish, it could take anywhere from a few weeks to many months, depending upon the condition of your Property, local market conditions and other factors. You have already taken an important first step by listing your Property for sale with a licensed real estate broker. Your broker will help guide you through the process and may refer you to other professionals, as needed. This advisory addresses many things you may need to think about and do as you market your Property. Some of these things are requirements imposed upon you, either by law or by the listing or sale contract. Others are simply practical matters that may arise during the process. Please read this document carefully and, if you have any questions, ask your broker or appropriate legal or tax advisor for help.
2. **DISCLOSURES:**
   A. **GENERAL DISCLOSURE DUTIES:** You must affirmatively disclose to the buyer, in writing, all known facts that materially affect the value or desirability of your Property. You must disclose these facts whether or not asked about such matters by the buyer, any broker, or anyone else. This duty to disclose applies even if the buyer agrees to purchase your Property in its present condition without requiring you to make any repairs. If you do not know what or how to disclose, you should consult a real estate attorney in California of your choosing. Broker cannot advise you on the legal sufficiency of any disclosures you make. If the Property you are selling is a residence with one to four units except for certain subdivisions, your broker also has a duty to conduct a reasonably competent and diligent visual inspection of the accessible areas and to disclose to a buyer all adverse material facts that the inspection reveals. If your broker discovers something that could indicate a problem, your broker must advise the buyer.
   B. **STATUTORY DUTIES** (For one-to-four Residential Units):
      (1) You must timely prepare and deliver to the buyer, among other things, a Real Estate Transfer Disclosure Statement ("TDS"), and a Natural Hazard Disclosure Statement ("NHD"). You have a legal obligation to fill out the TDS form, in its entirety, honestly and completely. (Many local entities or organizations have their own supplement to the TDS that you may also be asked to complete.) The NHD is a statement indicating whether your Property is in certain designated flood, fire or earthquake/seismic hazard zones. Third-party professional companies can help you with this task. If your property is in a high or very high fire zone, and you have to complete the TDS, you will also be responsible for disclosing compliance with defensible space laws and, depending on the Property's age, may also have to disclose if the building itself has been hardened to protect it from catching fire.
      (2) Depending upon the age and type of construction of your Property, you may also be required to provide and, in certain cases you can receive limited legal protection by providing, the buyer with booklets entitled "The Homeowner's Guide to Earthquake Safety," "The Commercial Property Owner's Guide to Earthquake Safety," "Protect Your Family From Lead in Your Home," and "Environmental Hazards: A Guide For Homeowners and Buyers." Some of these booklets may be packaged together for your convenience. The earthquake guides ask you to answer specific questions about your Property's structure and preparedness for an earthquake. If you are required to supply the booklet about lead, you will also be required to disclose to the buyer any known lead-based paint and lead-based paint hazards on a separate form. The environmental hazards guide informs the buyer of common environmental hazards that may be found in properties.
      (3) If you know that your property is: **(i)** located within one mile of a former military ordnance location; or **(ii)** in or affected by a zone or district allowing manufacturing, commercial or airport use, you must disclose this to the buyer. You are also required to make a good faith effort to obtain and deliver to the buyer a disclosure notice from the appropriate local agency(ies) about any special tax levied on your Property pursuant to the Mello-Roos Community Facilities Act, the Improvement Bond Act of 1915, and a notice concerning the contractual assessment provided by § 5898.24 of the Streets And Highways Code (collectively, "Special Tax Disclosures").
      (4) If the TDS, NHD, or lead, fire hardening, defensible space, military ordnance, commercial zone or Special Tax Disclosures are provided to a buyer after you accept that buyer's offer, the buyer will have 3 days after delivery (or 5 days if mailed) to terminate the offer, which is why it is extremely important to complete these disclosures as soon as possible. There are certain exemptions from these statutory requirements; however, if you have actual knowledge of any of these items, you may still be required to make a disclosure as the items can be considered material facts.
   C. **DEATH AND OTHER DISCLOSURES:** Many buyers consider death on real property to be a material fact in the purchase of property. In some situations, it is advisable to disclose that a death occurred or the manner of death; however, California Civil Code § 1710.2 provides that you have no disclosure duty "where the death has occurred more than three years prior to the date the transferee offers to purchase, lease, or rent the real property, or [regardless of the date of occurrence] that an occupant of that property was afflicted with, or died from, Human T-Lymphotropic Virus Type III/Lymphadenopathy-Associated Virus." This law does not "immunize an owner or his or her agent from making an intentional misrepresentation in response to a direct inquiry from a transferee or a prospective transferee of real property, concerning deaths on the real property."
   D. **CONDOMINIUMS AND OTHER COMMON INTEREST SUBDIVISIONS:** If the Property is a condominium, townhouse, or other property in a common interest subdivision, you must provide to the buyer copies of the governing documents, the most recent financial statements distributed, and other documents required by law or contract. If you do not have a current version of these documents, you can request them from the management of your homeowner's association. To avoid delays, you are encouraged to obtain these documents as soon as possible, even if you have not yet entered into a purchase agreement to sell your Property.
3. **CONTRACT TERMS AND LEGAL REQUIREMENTS:**
   A. **CONTRACT TERMS AND CONDITIONS:** A buyer may request, as part of the contract for the sale of your Property, that you pay for repairs to the Property, buyer broker compensation, and other items. Your decision on whether or not to comply with a buyer's requests may affect your ability to sell your Property at a specified price. Should Seller agree to do so, Broker does not represent, nor will Broker confirm, that the amount specified is owed by buyer or the full amount will be used by buyer to pay for the specified purpose. In the absence of a separate agreement, Seller's contractual obligation to pay buyer's broker is independent of any obligation between buyer and a third party.
   B. **WITHHOLDING TAXES:** Under federal and California tax laws, a buyer is required to withhold a portion of the purchase price from your sale proceeds for tax purposes unless you sign an affidavit of non-foreign status and California residency, or some other exemption applies and is documented.
   C. **PROHIBITION AGAINST DISCRIMINATION:** Discriminatory conduct in the sale of real property against individuals belonging to legally protected classes is a violation of the law.

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D. GOVERNMENT REQUIRED REPAIRS, REPLACEMENTS AND ALTERATIONS: Under State law, Property owners with limited exceptions, are required to: (1) Install operable smoke alarms and brace water heaters and provide a Buyer with a statement of compliance. Existing operable smoke alarms, that met compliance standards when installed, do not have to be removed even if not up to current legal requirements. Smoke alarms that are added or that replace older versions must comply with current law; and (2) install carbon monoxide detection devices. Some city and county governments may impose additional requirements, including, but not limited to, installing low-flow toilets and showerheads, gas shut-off valves, tempered glass, and barriers around swimming pools and spas. You should consult with the appropriate governmental agencies, inspectors, and other professionals to determine which requirements apply to your Property, the extent to which your Property complies with such requirements, and the costs, if any, of compliance.

E. EPA's LEAD-BASED PAINT RENOVATION, REPAIR AND PAINTING RULE PROGRAM (RRP): The RRP requires that contractors and maintenance professionals working in pre-1978 housing, child care facilities, and schools with lead-based paint be certified; that their employees be trained; and that they follow protective work practice standards. The RRP at all times applies to renovation, repair, or painting activities affecting more than six square feet of lead-based paint in a room or more than 20 square feet of lead-based paint on the exterior. Enforcement of the rule begins October 1, 2010. See the EPA website at www.epa.gov/lead for more information.

F. ALL CASH ENTITY BUYERS: Under a Federal Law, if in force, a "Reporting Person" (typically the escrow or title company responsible for closing) is required to collect, and report to the U.S. Department of Treasury, certain information about the Buyer and Seller, when: (i) the property is a residential property with one to four units or vacant land intended to be improved with a residential dwelling with one to four units, (ii) the buyer is a legal entity or trust, and (iii) the buyer is making an all cash purchase or financing the purchase through a bank or other institution that does not have an independent money laundering reporting obligation.

G. WHOLESALE BUYERS: The Residential Purchase Agreement allows a buyer, within a set number of days, to assign all or part of buyer's rights to another person, with the seller's consent. A seller is allowed to withhold consent if the buyer is being paid by the other person for the assignment. Some buyers enter into a contract with the seller without any intention of purchasing the property themselves but instead as an investment that they intend to assign to another person prior to closing. If these "wholesale" buyers cannot find others willing to pay buyers an acceptable in exchange for taking buyers' place, buyers will often attempt to cancel or refuse to close escrow, whether or not buyers have legal or contractual grounds to do so. Sellers, who have lost time and the potential to sell to another buyer, often feel pressured to go along with extensions and other delays while the wholesale buyer looks for an investor to pay the buyer their desired fee. Indications that a buyer may be a wholesaler include (i) below market offers, (ii) buyer's offer indicating "or assignee" as purchaser, (iii) low deposit amount, (iv) purchasing in the name of an LLC, and (v) failure to provide proof of funds or take contractually required actions while searching for a buyer of their own.

H. LEGAL, TAX AND OTHER IMPLICATIONS: Selling your Property may have legal, tax, insurance, title or other implications. You should consult an appropriate professional for advice on these matters.

4. MARKETING CONSIDERATIONS:

A. PRE-SALE INSPECTIONS AND CONSIDERATIONS: You should consider doing what you can to prepare your Property for sale, such as correcting any defects or other problems, making cosmetic improvements, and staging. Many people are not aware of defects in or problems with their own Property. One way to make yourself aware is to obtain professional inspections prior to sale. Pre-sale inspections may include a general property inspection; an inspection for wood destroying pest and organisms (Structural Pest Control Report) and an inspection of the septic or well systems, if any, among others. By doing this, you then have an opportunity to make repairs before your Property is sold, which may enhance its marketability. Keep in mind, however, that any problems revealed by such inspection reports or repairs that have been made, should be disclosed to the buyer (see "Disclosures" in **paragraph 2** above). This is true even if the buyer gets their own inspections covering the same area. Obtaining inspection reports may also assist you during contract negotiations with the buyer. For example, if a Structural Pest Control Report has both a primary and secondary recommendation for clearance, you may want to specify in the purchase agreement those recommendations, if any, for which you are going to pay.

B. OPEN HOUSE CONSIDERATIONS: While holding an open house can be an effective way to attract buyers to a seller's home, doing so can present risks. No one can definitively know who will enter the home or for what purpose. The agent holding the open house will neither have the ability, at all times, to monitor the activity of every person coming to view your property nor to assess whether such visitors are entering the home intending to consider it for purchase or for some other reason. Some visitors will respect your real property, personal property, and possessions, while others may not do so. Read **paragraph 4D** for further information. You should discuss with your agent the benefits and risks of including open houses as part of the marketing strategy.

C. POST-SALE PROTECTIONS: It is often helpful to provide the buyer with, among other things, a home protection/warranty plan for the Property. These plans will generally cover problems, not deemed to be pre-existing, that occur after your sale is completed. In the event something goes wrong after the sale, and it is covered by the plan, the buyer may be able to resolve the concern by contacting the home protection company.

D. SAFETY PRECAUTIONS: Advertising and marketing your Property for sale, including, but not limited to, holding open houses, placing a keysafe/lockbox, erecting FOR SALE signs, and disseminating photographs, video tapes, and virtual tours of the premises, may jeopardize your personal safety and that of your Property. You are strongly encouraged to maintain insurance, and to take any and all possible precautions and safeguards to protect yourself, other occupants, visitors, your Property, and your belongings, including cash, jewelry, drugs, firearms and other valuables located on the Property, against injury, theft, loss, vandalism, damage, and other harm.

E. EXPENSES: You are advised that you, not the Broker, are responsible for the fees and costs, if any, to comply with your duties and obligations to the buyer of your Property.

5. OTHER ITEMS: _____

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By signing below, Seller acknowledges that they have received a copy of this Seller's Advisory, and they have read and understand its terms.

DocuSigned by:

Seller Michael G. Dab, Trustee *Michael G. Dab, Trustee* Date 10/31/2026

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Seller _____ Date _____

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