



SUMMARY OF RIGHTS AND OBLIGATIONS OF SELLERS AND PURCHASERS UNDER THE VIRGINIA RESIDENTIAL PROPERTY DISCLOSURE ACT

Virginia's Residential Property Disclosure Act (the "Act") (Virginia Code Sections 55-517 et. seq.) requires real estate licensees to inform the parties to a transaction with whom they deal of their rights and obligations under the Act. The licensee providing this information to you is prepared to answer any questions you may have about what the Act means to you, and to furnish you with a copy of the Act at your request.

The Act applies to sales, exchanges, installment sales, or leases with option to purchase of residential real property improved with one to four dwelling units. The Act does not apply to: transfers pursuant to court order (in estate administration, pursuant to writ execution, foreclosure, bankruptcy, condemnation, or by decree for specific performance); transfers among co-owners; transfers among spouses; transfers among parents or grandparents and their children or grandchildren; tax sales; transfers involving a government or housing authority; or (subject to certain exceptions discussed below) sales of new homes.

The Act requires sellers to furnish purchasers with either a disclosure or disclaimer statement developed by the Virginia Real Estate Board. The statement must be furnished to the purchaser before final ratification of the purchase contract or the purchaser may terminate the contract or sue later for damages.

A seller who chooses to furnish a disclaimer statement is stating that the property and all improvements are being sold "as is" with no representations or warranties as to condition, except as otherwise provided in the purchase contract. A seller who disclaims may nonetheless not divert the purchaser from making inspections or inquiries which would reveal the true condition of the property.

A seller who chooses to disclose information about the property's condition must disclose all defects of which the seller has actual knowledge by answering the questions contained in the disclosure statement. A seller is not required to have an independent inspection or investigation done in order to disclose, but may furnish the results of inspections performed by professionals, including public agencies, in lieu of answering any questions dealt with by such inspections as long as the inspections so furnished are clearly labeled as such. A seller is not liable for errors or omissions in the disclosure statement IF the seller has no "actual knowledge" about such errors or omissions, or if the seller "reasonably" relies on representations by public agencies or other experts as noted above, and if the seller is not grossly negligent in obtaining such information and transmitting it to the purchasers. A seller is not in violation of the law if information disclosed is later found to be inaccurate as long as such material change is disclosed at or before settlement.

A builder of a new home must disclose to a purchaser in writing all known material defects which would constitute a violation of any applicable building code. This disclosure does not abrogate any warranty or other obligations the builder may have to the purchaser. The builder may not satisfy its obligations under the Act by furnishing a disclaimer statement.

A purchaser must be furnished with a disclaimer or disclosure statement signed by the seller prior to final ratification of the purchase contract. If such statement is not received by final ratification, the purchaser has the right to terminate the purchase contract by sending written notice to the seller either by hand delivery or U. S. Mail, postage prepaid, any time before receiving the statement, or within 3 days of receiving the statement (if delivered in person) or 5 days of postmark (if sent by U. S. Mail, postage prepaid). A purchaser may waive the right to receive a statement, as long as the waiver is not in the purchase contract.

A purchaser who receives a disclaimer statement loses the right to terminate the contract upon settlement or occupancy, or upon application for a mortgage loan if the application states that the right to terminate ends at application. If a purchaser receives a disclosure statement, the purchaser may terminate the purchase contract in the event of a misrepresentation in the statement, but the right to terminate ends at settlement or occupancy, or upon application for a mortgage loan if the application states that the right to terminate ends at application. A purchaser who receives a disclosure statement may bring an action against the seller within one year of the receipt of the statement for actual damages sustained because the seller misrepresented defects which would have been disclosed if the seller had complied with the law, and of which the purchaser was not aware at the time of settlement or occupancy. A purchaser retains the right to pursue any remedy otherwise available against a seller in the event the seller intentionally or willfully misrepresents the condition of the property. If the purchaser does not receive a disclosure or disclaimer statement, and the right to receive one was not waived, the purchaser may bring an



action against the seller within one year of settlement or occupancy (if under a lease with option to purchase) for actual damages sustained as a result of defects in the property which would have been disclosed had the seller complied with the law, and of which, the purchaser was unaware at the time of settlement or occupancy.

Purchasers should be aware that neither a seller nor a real estate licensee is obligated to disclose facts or occurrences which have no effect on the physical structure of the property, its physical environment, or the improvements located thereon, or the fact that the property was the site of a homicide, felony, or suicide. Furthermore, it is a violation of federal law to disclose whether a previous occupant of the property was afflicted with the HIV virus or has AIDS.

Purchasers should be aware that whether a seller chooses to provide a disclosure statement or a disclaimer statement:

(a) The seller is making no representations with respect to any matters which may pertain to parcels adjacent to the subject parcel. Purchasers should exercise whatever due diligence they deem necessary with respect to adjacent parcels in accordance with the terms and conditions of the purchase contract, but in any event prior to settlement on the subject property.

(b) The seller is making no representations with respect to whether the property contains any resource protection areas established in an ordinance implementing the Chesapeake Bay Preservation Act (§10.1-2100 et seq.) adopted by the locality where the property is located pursuant to §10.1-2109. Purchasers should exercise whatever due diligence they deem necessary to determine whether the provisions of any such ordinance affect the property, including review of any official map adopted by the locality depicting resource protection areas, in accordance with terms and conditions as may be contained in the purchase contract, but in any event prior to settlement on the property.

(c) If the property is located in a historic district designated by the locality pursuant to §15/2-2306 and the seller has knowledge of such designation, the seller shall disclose such fact to purchasers. Purchasers should exercise whatever due diligence they deem necessary to determine whether the provisions of any historic district ordinance affect the property, including review of any local ordinance creating such district or any official map adopted by the locality depicting historic districts, in accordance with terms and conditions as may be contained in the purchase contract, but in any event prior to settlement on the property.

(d) The seller represents that there are no pending enforcement actions pursuant to the Uniform Statewide Building Code (§36-97 et seq.) that affect the safe, decent and sanitary living conditions of the property of which the seller has been notified in writing by the locality.

Purchasers should exercise whatever due diligence they deem necessary with respect to information on any sexual offenders registered under Chapter 23 (§19.2-387 et seq.) of Title 19.2, whether the owner furnishes Purchasers with a disclosure or disclaimer statement under subdivision 1 or 2 of subsection A of §55-519. Such information may be obtained by contacting the local police department or the Department of State Police, Central Criminal Records Exchange, at (804) 674-2000, or in the Internet at www.vsp.state.va.us/vsp.html.

Please acknowledge receiving a copy of this summary by signing below.

Date ___/___/___ _____

Date ___/___/___ _____

