

In Real Estate, what you can or cannot see, smell, touch, taste, or do not know, may cause issues for you and your clients.

The purpose of this course is to inform you about issues you and your clients may encounter at a property and to give you sound advice on how to properly address and handle an issue so that you and your clients can sell or buy a property legally and ethically.



How today's course came about



important decisions regarding your number one investment — your home!

"The Voice of Kansas City Real Estate"

Visit www.realtalkwithdave.com or call Dave at 913-660-8960

Real Talk with Dave Kansas City's Real Estate Talk Show

Subjects of weekly shows...

- > Mortgage Fraud and the Fed's (FBI & DOJ)
- Hidden Dangers inside and outside your home
- > HUD and all about Federal Fair Housing Regulations
- How to SELL your home in the Winter & Holidays
- > The Art of Buying a Foreclosed Home
- > Green Homes...are they the Future or a Gimmick?
- Does your home have Radon...are you sure?
- > What's Hot and What's Not in todays Market
- > 10 Turn Off's guaranteed to make Buyers walk away
- > HOA's...what you need to know BEFORE you Buy
- Curb Appeal that Sells!
- Stigmatized Properties are more than Ghosts
- What Women Want in their Home
- The Truth about Mold

In Real Estate, things are NOT always as they appear...



The Listing as seen by the Buyer



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The listing as seen by the Appraiser



The Listing as seen by the Seller



The listing as handled by some Agents



A quick review of these Articles in the Code Of Ethics may be helpful to the three agents... CODE of ETHICS and STANDARDS of PRACTICE NATIONAL ASSOCIATION OF REALTORS.

DUTIES TO CLIENTS AND CUSTOMERS

ARTICLE 1 When representing a buyer, seller, landlord, tenant, or other client as an agent, REALTORS® pledge themselves to protect and promote the interests of their client. This obligation to the client is primary, but it does not relieve REALTORS® of their obligation to treat all parties honestly. When serving a buyer, seller, landlord, tenant or other party in a non-agency capacity, REALTORS® remain obligated to treat all parties honestly.

ARTICLE 2 REALTORS® shall avoid exaggeration, misrepresentation, or concealment of pertinent facts relating to the property or the transaction. REALTORS® shall not, however, be obligated to discover latent defects in the property, to advise on matters outside the scope of their real estate license, or to disclose facts which are confidential under the scope of agency or non-agency relationships as defined by state law.

DUTIES TO THE PUBLIC

ARTICLE 12 REALTORS® shall be honest and truthful in their real estate communications and shall present a true picture in their advertising, marketing, and other representations. REALTORS® shall ensure that their status as real estate professionals is readily apparent in their advertising, marketing, and other representations, and that the recipients of all real estate communications are, or have been, notified that those communications are from a real estate professional

Pertinent Facts vs. Latent Defects

ARTICLE 2 REALTORS® shall avoid exaggeration, misrepresentation, or concealment of *pertinent facts* relating to the property or the transaction. REALTORS® shall not, however, be obligated to discover *latent defects* in the property...

Pertinent Facts: Facts about the property that Buyers might use to their advantage in negotiations such as known physical defects in the property revealed on the Seller's Disclosure Form, discovered during a professional home inspection, or that the Seller discussed with the listing agent.

Latent Defects: Defects that are not discovered during a reasonable preview or walk-thru of the property by the Buyer or their agent or by a licensed home inspector such as damage inside walls (defective plumbing or electrical issues), flood or fire damage, a leaking roof with no visible leak marks, HVAC problems, or structural issues.

Here's one more fact you should be aware of...

Adverse Material Fact: Any fact that could affect a "reasonable person's decision" to buy, sell, or lease a property that must be disclosed by an agent to the parties in the transaction and any interested third parties regardless of the agent's agency role within the transaction.

Finally, do you know how to identify known "defective materials" in a home? You will at the end of today's class.



A good place to start... the Seller's Disclosure Form.

Question: Can the Agent fill out the form if they are given permission by the Seller?

Question: Can the Agent assist the Seller by answering questions such as "Do you know what type of plumbing or heating system is in my home"?

Question: If you know your client did not answer a question truthfully, what should you do?

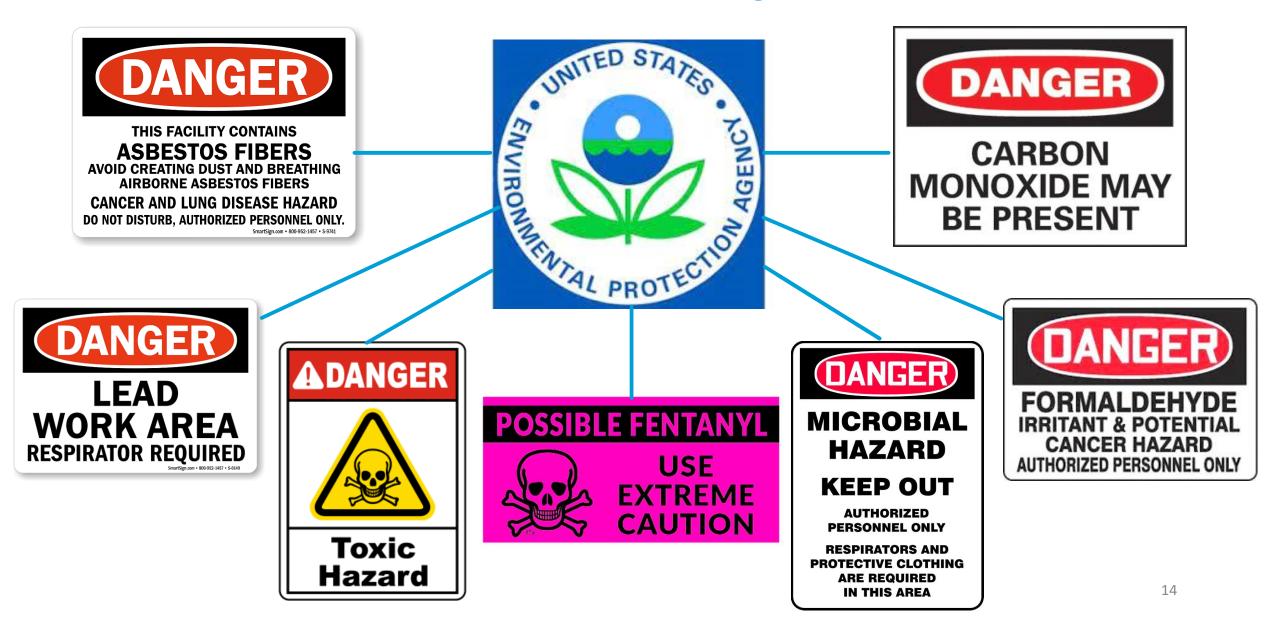
	SELLER'S DISCLOSURE AND F333 CONDITION OF PROPERTY ADDENDUM (Residential)
SE	LLER (Indicate Marital Status):
PF	OPERTY:
Be sp <u>de</u> for as	NOTICE TO SELLER. as complete and accurate as possible when answering the questions in this disclosure. Attach additional shere ace is insufficient for all applicable comments. <u>SELLER understands that the law requires disclosure of any matters</u> , known to <u>SELLER</u> , in the Property to prospective Buyer(s) and that failure to do so may result in civil lia <u>damages</u> . Non-occupant SELLERS are not relieved of this obligation. This disclosure statement is designed sist SELLER in making these disclosures. Licensee(s), prospective buyers and buyers will rely on this information.
Th for	NOTICE TO BUYER. is is a disclosure of SELLER'S knowledge of the Property as of the date signed by SELLER and is not a subst any inspections or warranties that BUYER may wish to obtain. It is not a warranty of any kind by SELLER rranty or representation by the Broker(s) or their licensees.
Ap Do	OCCUPANCY. proximate age of Property? How long have you owned? es SELLER currently occupy the Property? Yes No", how long has it been since SELLER occupied the Property? years/months
4.	TYPE OF CONSTRUCTION. Manufactured Modular Conventional/Wood Frame Mobile Other
5.	LAND (SOILS, DRAINAGE AND BOUNDARIES). (IF RURAL OR VACANT LAND, ATTACH SELLER'S LADISCLOSURE ALSO.) ARE YOU AWARE OF: a. Any fill or expansive soil on the Property? Yes b. Any sliding, settling, earth movement, upheaval or earth stability problems on the Property or any portion thereof being located in a flood zone, wetlands area or proposed to be located in such as designated by FEMA which requires flood insurance? Yes N c. The Property or any portion thereof being located in a flood zone, wetlands area or proposed to be located in such as designated by FEMA which requires flood insurance? Yes N d. Any flood insurance premiums that you pay? Yes N e. Any flood insurance or the Property? Yes N g. Any boundaries of the Property being marked in any way? Yes N m. The Property having had a stake survey? Yes N i. Any encroachments, boundary line disputes, or non-utility easements affecting the Property? Yes N j. Any fencing on the Property? Yes N j. Any diseased, dead, or damaged trees or shrubs on the Property? Yes N k. Any diseased, dead, or damaged trees or shrubs on the Property? Yes N M. Any diseased, mineral, or water rights tied to the Property? Yes N M. Any diseases, mineral, or water rights tied to the Pr

Section 13, Hazardous Conditions

186		ZARDOUS CONDITIONS. ARE YOU AWARE OF:
187	a.	Any underground tanks on the Property?
188	b.	Any landfill on the Property?
189	c.	Any toxic substances on the Property (e.g. tires, batteries, etc.)?
190	d.	Any contamination with radioactive or other hazardous material? Yes No
191	e.	Any testing for any of the above-listed items on the Property?
192	f.	Any professional testing/mitigation for radon on the Property?
193	q.	Any professional testing/mitigation for mold on the Property?
194	ĥ.	Any other environmental issues?
195	i.	Any controlled substances ever manufactured on the Property?
196	i.	Any methamphetamine ever manufactured on the Property?
197	•	(In Missouri, a separate disclosure is required if methamphetamine or other controlled
198		substances have been produced on the Property, or if any resident of the Property has
199		been convicted of the production of a controlled substance.)
200		
201	lf	any of the answers in this section are "Yes", explain in detail or attach test results and other
202		cumentation:
203		
204		
201		

	Initials	Initials	
SELLER SELLER		BUY	ER BUYER

Section 13 as seen by the EPA...



Kansas and Missouri Disclosure Laws

Kansas has several separate pieces of legislation that require the home Seller to make certain disclosures to potential buyers. **Kansas Statute 58-30.106** states that the Seller or their real estate agent must disclose to the Buyer "*all adverse material facts*" about the property that either party knows about including:

- The physical condition of the property
- Any material defects in the property itself
- Any material defects in the title to the property,
- Any environmental hazards that affects the property
- Any material limitation on the Seller's ability to follow through with the terms of the purchase agreement.

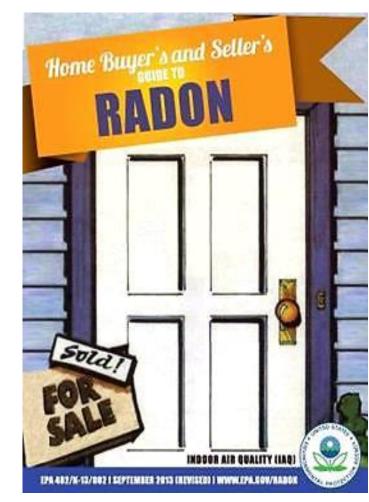
Missouri goes a little further in **Statute 339.730.1** which states that an agent must disclose to any potential Buyer "*all adverse material facts actually known or that should have been known*" by the agent.

Translation: Real estate agents cannot turn a blind-eye or lie on behalf of their client to conceal a known defect about the property without risking a fine, loss of their license, or possible lawsuit.

Example: The Seller tells their Agent to sell their home quickly because "*mold is in the basement due to our sump pump failure and termites are eating everything!*". These statements are now a known *Adverse Material Fact* which the Agent would be legally obligated to inform prospective buyers.

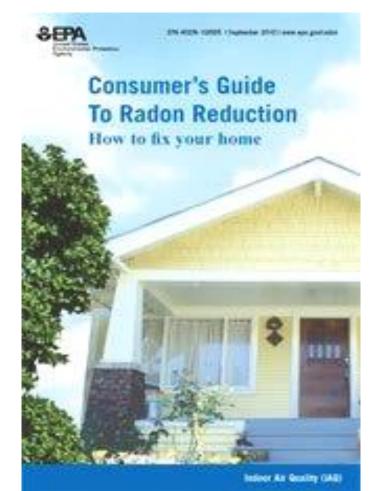


Radon is a radioactive gas found in the ground, that permeates through the ground and can enter homes through cracks or other openings below the ground level of a house. The radon gas can accumulate over time and spread throughout the house. The main danger of radon is its radioactivity, which can cause lung cancer because it is breathed in with the home's air.

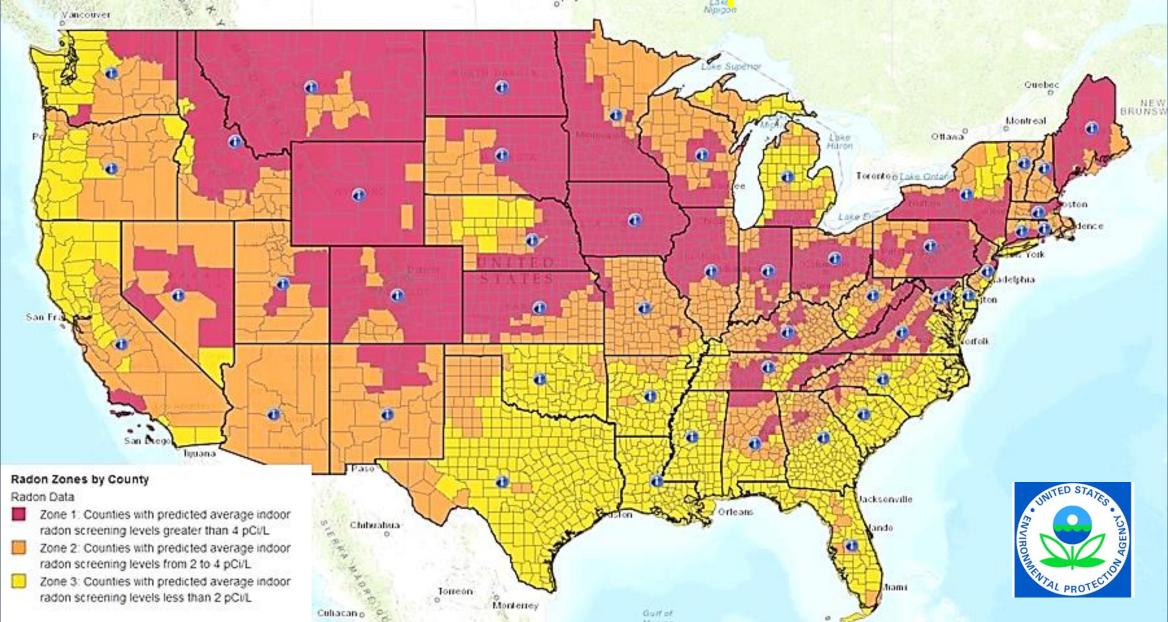




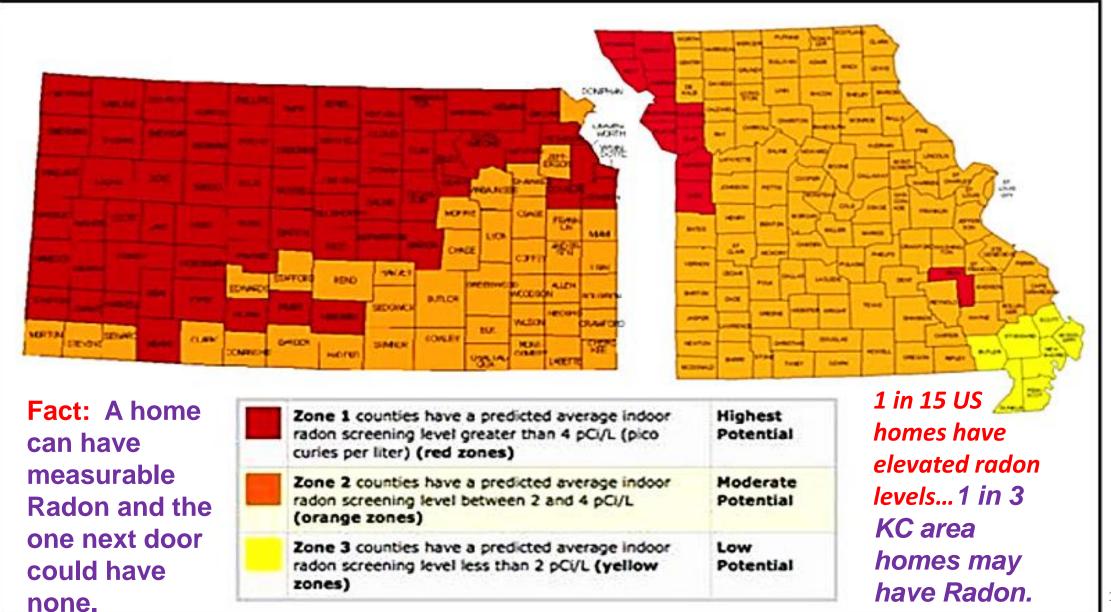
Two informative EPA Radon pamphlets that Realtor's should make available for clients.



EPA's US Radon Map



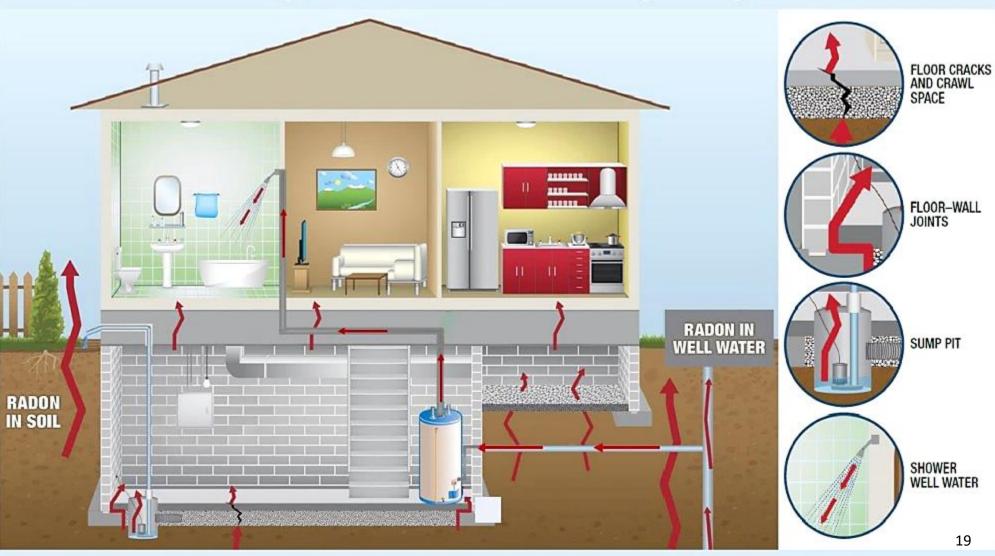
Kansas & Missouri Radon Levels



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Radon can enter your home in many ways:

- Cracks in solid floors
- Construction joints
- Cracks in walls
- Gaps in
 suspended floors
- Gaps around service pipes
- Cavities inside walls
- The water supply



epa.gov/radon



Do you know what these are?



Section 13f of the Sellers Disclosure Form asks... "Any professional testing or mitigation for Radon on the property"?

Questions: If a home has a Radon Mitigation System, is it Radon free?

Should you advise a Buyer to avoid a home that has a Radon Mitigation System?

Best advice: Always have the system checked for function and codes ²¹

The degrees of risks to Radon exposure



Understanding Radon Levels

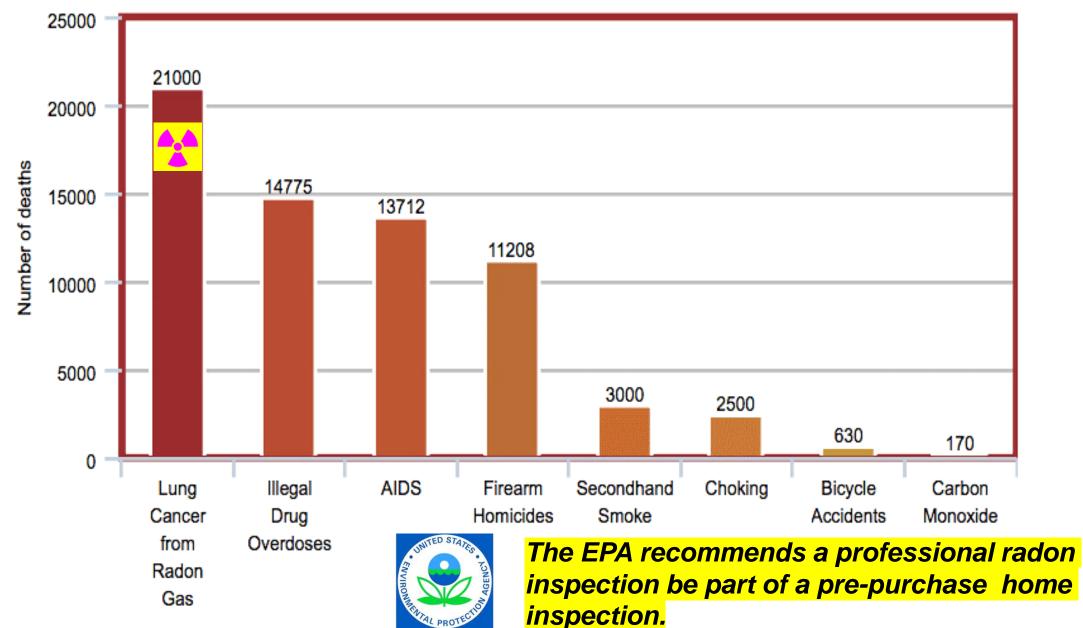
EPA recommends fixing your home if radon level is above 4 pCi/L

Radon Level 4 pCi/L	Equals 200 chest x-ray per year or 8 cigarettes per day
Radon Level 8 pCi/L	Equals 400 chest x-ray per year or 16 cigarettes per day
Radon Level 20 pCi/L	Equals 1000 chest x-ray per year or 40 cigarettes per day

Source: U.S. Department of Health and Human Services, ABDR (1990). Toxicological Profile for Radon. Atlanta. GA.

Radon is measured and expressed in picocuries per liter of air (pCi/L).

EPA's estimate of deaths per year due to Radon





Asbestos is a mineral fiber that occurs in rock and soil.

If a house was built prior to the 1980s, it likely contains some asbestos-containing materials such as...

- Attic and wall insulation
- Vinyl floor tiles and the backing on vinyl sheet flooring and adhesives
- · Ceiling tiles and "popcorn ceilings"
- Roofing and siding shingles
- Textured paint and patching compounds used on walls and ceilings
- Door gaskets, walls, and floors around oil, coal, and wood burning furnaces
- House Insulation in homes built between 1930 and 1950
- Artificial ashes and embers in gas-log fireplaces
- Hot water and steam pipes, boilers, home heating ducts, and water heaters coated with asbestos material or covered with an asbestos blanket or tape

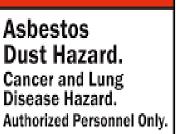


Asbestos was used in many Kansas City area homes up until 1989. As it ages it can splinter into tiny, breathable filaments if it is disturbed. It becomes especially hazardous during the remodeling of an older home when the materials may be exposed to the air where they can remain for weeks and breathed in by the people doing the remodeling, the Realtor listing the home, and the prospective Buyer visiting and living in the property.











Health Effects From Exposure to Asbestos

The mere presence of asbestos in a home or a building is not hazardous. The danger is that asbestos materials may become damaged over time. The best thing to do with asbestos material in good condition is to LEAVE IT ALONE!

There is no safe level of exposure to Asbestos, according to the EPA and the Department of Health and Human Services. Asbestos is a known carcinogen and is the only known cause of **Mesothelioma**. This serious cancer is caused by breathing in or ingesting asbestos fibers, which become lodged in the thin membrane that lines and encases the lungs and abdominal cavity. Exposure to asbestos increases your risk of developing lung disease and the risk is made worse by smoking. In general, the greater the exposure to asbestos, the greater the chance of developing harmful health effects.

Three of the major health effects associated with asbestos exposure:

- Lung Cancer
- Mesothelioma
- Asbestosis



Asbestos in a human lung

Let the pros do the testing and abatement of Asbestos



Test samples for the lab

Professional Abatement of Asbestos



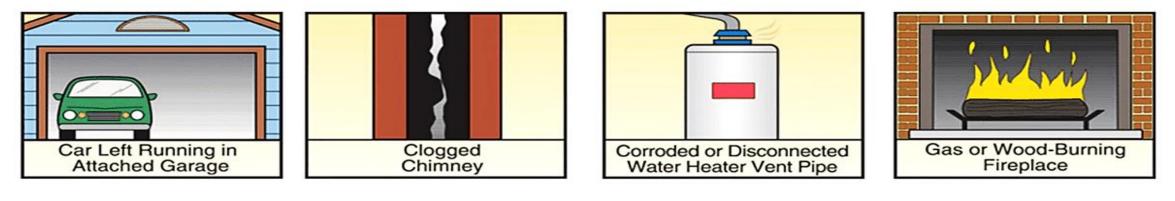
The EPA recommends an Asbestos test be conducted in homes built prior to 1978.

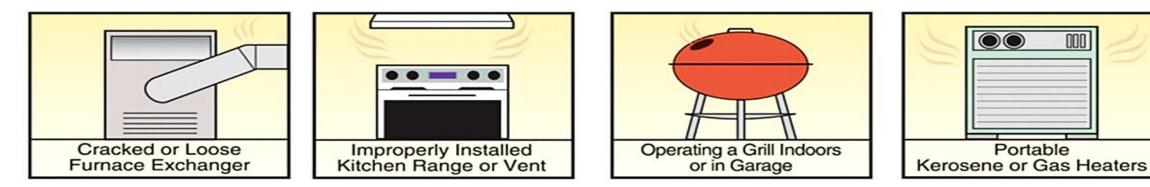
Carbon Monoxide...The Silent Killer

Carbon monoxide is a colorless, odorless and poisonous gas that is created by any type of flame that burns without an adequate amount of oxygen. Carbon monoxide kills insidiously, causing only mild symptoms of headache, nausea, and fatigue before causing unconsciousness and death.



SOURCES OF CARBON MONOXIDE IN A HOME





Clients with Carbon Monoxide who didn't know it





Carbon Monoxide was detected in these homes during the Buyer's inspections. Neither of the Seller's had a carbon monoxide detector and both said their family members complained of "*headaches, nausea, and feeling fatigued for years but had no idea why*".

Both families were VERY lucky to have cheated the Silent Killer



The Silent Killer Award for the Worst Carbon Monoxide Emitter goes to...











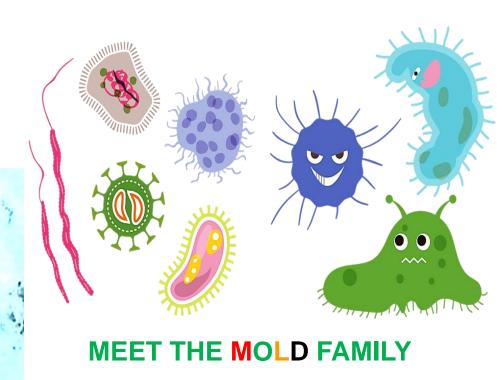
Feel like your mind is exploding?



Let's take a 10-minute break!

Mold is a fungus that can grow virtually anywhere if there is sufficient moisture, oxygen, and a food source.

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6 ELEMENTS THAT CAUSE MOLD						
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Mold Spores	Molsture	Food Source	Oxygen Supply	Lack of Sunlight	Optimal Temp.	



Mold can be found in a home on a wide variety of organic substances, such as wood, wallpaper, walls, floors, showers, bathtubs, ceilings, inside HVAC systems, and inside sheetrock walls if they were exposed to water such as a flood or a backed-up sewer line or a sump pump failure.

Molds may trigger allergic reactions or asthma attacks in susceptible people. Many lawsuits have been filed because of molds. Hence, there may be some liability issues if the home is susceptible to mold growth, and it is not disclosed on the Seller's Disclosure Form.

"Beautiful, well-maintained home with large kitchen"



Mold can be confirmed with a test kit or professionally but always go with a pro if in doubt



Question: Does household bleach kill mold? ³⁵

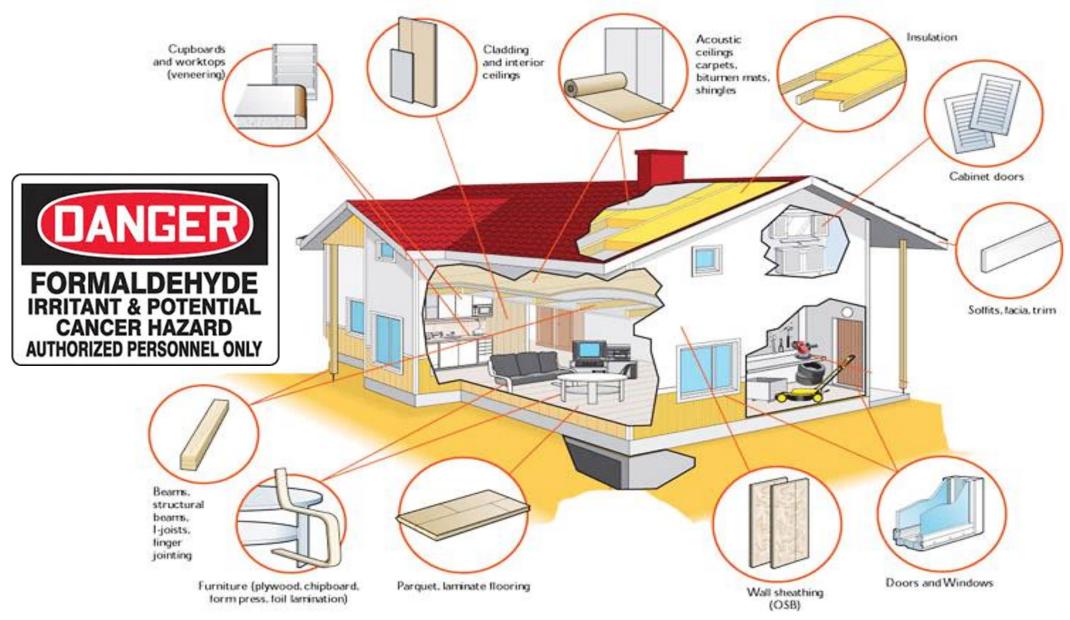
Formaldehyde and SBS

Formaldehyde is a very pungent gas extensively used in building materials that can cause respiratory problems, such as wheezing, and can irritate the eyes and skin. It can also cause cancer in animals.

Formaldehyde is the major cause of **sick building syndrome (SBS)**, which is an illness caused by poor air quality inside a building, and is characterized by fatigue, headache, nausea, and sensitivity to odors. One of the main sources of formaldehyde is in **urea-formaldehyde foam insulation (UFFI)** that was manufactured in the 1970's and used for insulating houses, which in some states must be disclosed before a sale.

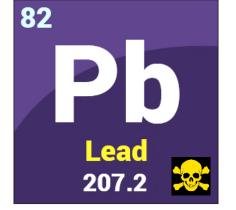


Formaldehyde in a typical home



Lead is a naturally occurring element found in small amounts in the earth's crust. It can be found in all parts of our environment – the air, the soil, the water, and inside our homes.

Lead is toxic to humans and animals and is particularly dangerous to infants and children because children sometimes ingest paint flakes that have chipped from



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interior surfaces and from toys painted with lead-based paints. Lead can harm the brains of children, possibly causing reduced intelligence, impaired memory, delayed motor development, and impaired hearing and balance. Lead has also been found to increase the blood pressure of adults. Symptoms of lead poisoning include weakness, anemia, constipation, and a paralysis of the wrists and ankles.

If a home was built before 1978, it is more likely to have lead-based paint.



Percent of older homes with lead-based paint Homes built before 1940 Homes built between 1940 - 1959 Homes built between 1960 - 1977 24%

Common Places to Find Lead in and Around Your Home

LEAD PAIN HAZARDS on:

Home Exterior

- Wood
- Bricks
- Stucco
- Cement
- Metal
- Window frames
- Shutters
- Doors
- Door frames
- Stair railings

Home interior:

- Walls, especially the bathroom and kitchen
- Kitchen cupboards
- Floors
- Stairs
- Handrails
- Moldings



OTHER LEAD HAZARDS:

Dust

- Threshold
- Under deteriorating paing
- Fabric, carpeting

Polyvinyl plastics

- Mini blinds
- Electrical chords

Ceramic tile:

- Kitchens
- Bathrooms
- Hearths

Brass:

- Key rings
- Inner fixtures of faucets
- Inner fixtures on well pumps

Solder

- Copper pipes leading to tap
- Stained-glass windows
- bathroom and kitchen

There are two ways to detect the presence of lead in a home:

A Paint Inspection will reveal the lead content of the different types of paints in the home.
 A Risk Assessment will detail any serious lead exposures, such as lead dust or peeling paint, and provide information on how to remove the hazards.

Lead can be confirmed professionally or by yourself but always use a professional if in doubt to be sure and safe.













Home Lead Test Kits are NOT 100% accurate and can give false readings

Don't ignore this...it could cost you a lot of money!

The Lead-Based Paint Hazard Reduction Act (LBPHRA) requires the Seller of a property built prior to 1978, that uses a real estate agent, must fill out the LEAD BASED PAINT DISCLOSURE ADDENDUM (LBP) and the Buyer or Lessee of a property built prior to 1978 be given this namphlet Renovators must give homeowners the namphlet before commencing work.

United States nvironmental Protection Agency

States ner Product ommission

States ment of Housing ban Development

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<text></text>	Warning "Errors, incorrect signatures, dates, missing information or initials on the LBP can result in fines of \$11,000 per instance"		Protect Your Family From Lead in Your Home
 Seller has no knowledge of lead-based paint and/or lead-based paint hazards in the housing. Beller has no knowledge of lead-based paint and/or lead-based paint hazards in the housing. Seller has provided the Buyer with all available records and reports pertaining to lead-based paint and/or lead-based paint hazards in the housing (list documents below). Seller has no reports or records pertaining to lead-based paint and/or lead-based paint hazards in the housing (list documents below). Seller has no reports or records pertaining to lead-based paint and/or lead-based paint hazards in the housing. Buyer's Acknowledgment (Initial applicable lines) BUYER HAS RECEIVED COPIES OF ALL INFORMATION LISTED ABOVE BUYER HAS RECEIVED THE PAMPHLET "Protect Your Family from Lead in Your Home" BUYER HAS: (Check one below) Received a 10-day opportunity (or mutually agreed upon period) to conduct a risk assessment or inspection for the presence of lead-based paint or lead-based paint hazards; or Waived the opportunity to conduct a risk assessment or inspection for the presence of lead-based paint or inspection for the presence of lea	Per EPA's Section 1018 Disclosure Rule Enforcement Response and Penalty Policy	<image/> <image/>	United States Consumer Pro Safety Comm

If you see these items at a home, BE VERY CAREFUL!!





Telltale signs of potential drug activity outside home:

- Elaborate Security: Meth makers often set up elaborate security measures including "Keep Out" and "Guard Dog" signs, video cameras, etc. to warn of persons approaching the premises.
- Windows: Meth makers do not want anyone seeing what they are doing. If windows are shuttered, covered with plastic film, have been painted, or have sheets of plywood or other materials leaned against them, be cautious.
- Dead Vegetation: Meth makers sometimes dump the residue of a batch of meth in their back yards which kills the grass or vegetation because it contains toxic substances. They may also have a burn barrel or pit where they burn the trash left over from making meth.
- Excessive or Unusual Trash: Meth makers produce large quantities of unusual waste such as: Packaging from cold tablets such as Sudafed that contain pseudo-ephedrine -- Lithium batteries that have been torn apart -- used coffee filters with colored stains or powdery residue -- empty containers, often with puncture holes, of antifreeze, white gas, ether, starting fluids, freon, lye, drain opener, paint thinner, acetone, alcohol, or other chemicals.



INSIDE THE HOME...Be Careful, a Meth Lab could be present!

- > Strong odors: Cat urine, ammonia, rotten eggs, vinegar, vanilla, solvents, or metallic smells.
- Metallic taste in your mouth: If you have this sensation or your eyes or throat start to itch or burn, leave the property immediately and seek medical attention if you have developed breathing issues.
- > Visible fire damage: Look for flashing to walls and ceilings in the kitchen, laundry, or garage.
- Wall and carpet staining: If iodine is used to manufacture Meth, it often leaves a red/yellow stain that sticks to everything. It may be very noticeable if a photo or other wall hanging is moved.
- > Smoke, or CO2 detectors muted: Look for disconnected batteries or tape placed over the sensors.
- > Mold in rooms: Very common as a result of increased levels of humidity caused by cooking the Meth.
- Blue valve on propane bottle: Anhydrous Ammonia is often used to manufacture meth and it corrodes and discolors the tanks brass valves blue. WARNING: In the right conditions, anhydrous ammonia can be explosive so do not touch these items!
- Dismantled electronics: Meth users sometimes become obsessive with objects such as remote controls, watches, cell phones, and other electronic devices. They frequently dismantle these objects down to the smallest parts and leave them in a pile.
- Excessive rubbish: Lots of trash is left over after cooking a batch of meth. It is usually found in the home, garage, or outside. NOTE: A messy home may be just that and not a Meth lab.

Typical home Meth Lab



If Meth is in the home...Fentanyl may be also

Fentanyl is a Schedule II prescription drug used to treat patients suffering from severe pain after surgery. According to the National Institute of Drug Abuse, it is 50 to 100 times more potent than morphine and deadly if not handled properly.

If you see these...DO NOT TOUCH THEM!





Exposure to this much Fentanyl can make you VERY ill or kill you! 46

Kansas and Missouri Disclosure Laws concerning meth labs

Kansas: does not require a Seller to disclose if the home was previously the site of an illegal meth lab.

Missouri: Statute 442.606 says that if a property is or was used as a site for methamphetamine production, the Seller **MUST** disclose that in writing to the Buyer.

Section 13 j of the Seller's Disclosure Form says... "In Missouri, a separate disclosure is required if methamphetamine or other controlled substances have been produced on the property, or if any resident of the property has been convicted of the production of a controlled substance".

Drug activity verification sites



Kansas Bureau of Investigation 1620 SW Tyler Topeka, KS 66612 (785) 296-8200

https://www.kbi.ks.gov/registeredoffender/



Missouri State Highway Patrol

Division of Drug and Crime Control P.O. Box 568 Jefferson City, Missouri 65102-0568 (573) 526-6155



https://www.mshp.dps.missouri.gov/CJ38/searchRegistry.jsp48



Kansas Bureau of Investigation

Name Search Geographical Search Other Search Community Notifications FAQs Resources Contact Us Geographic Radius Search:

Search for registered offenders that live or attend school within a 1-, 2-, or 3-mile radius of a specific address or within a specific zip code. When searching by specific address, make certain it is a correct address and the zip code is included. When indicating directions, use just the letters, e.g. "E" or "SW" not "E." or "Southwest".

 Street:
 1234 S Main
 City:
 Any City
 County:
 Johnson
 State:
 KS
 Zip Code:
 66642

 Reporting Compliance:
 Non-Compliant Only:

 Compliant Only:

 Both:
 X____

 Offender Type:
 Sex____
 Violent

 Drug
 X___
 General

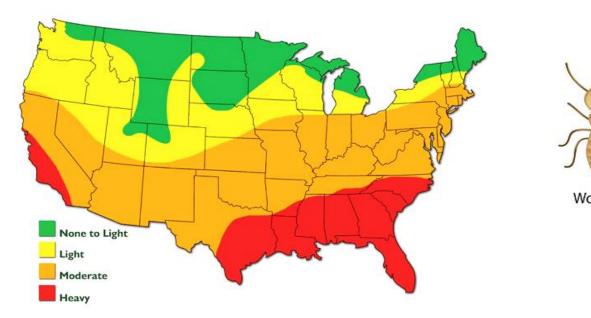
 Search Type:
 Distance from this address(in Miles)

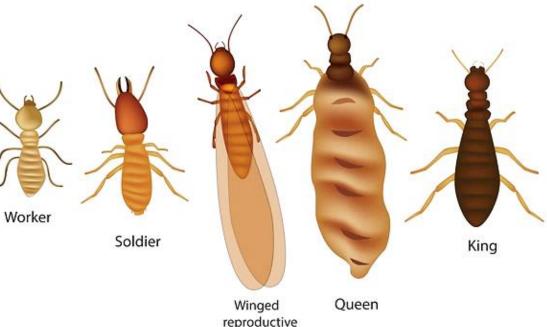
 In my zip code
 In my county

Termites in Kansas and Missouri

Termites are nature's recycler. They play an important role in our ecosystem but they can also be very destructive, costing homeowners millions of dollars worth of damage each year.

Eastern Subterranean Termites are the primary termite found in Kansas and Missouri. They live in underground colonies and travel on highways that radiate out from the nest up to 150 yards looking for food. Colonies can have 60,000 to 1 million termites and consist of a queen, soldiers, workers, and reproductive swarmers. The queen's sole purpose is to make more termites and she lays thousands of eggs each year and can live up to 50 years!





FACT: Kansas City is one of the top 50 US cities most affected by termites! 50



Dead termites or wings

Signs a property has or had Termites....





Highways

Got Termites? If in doubt, leave it to the pros.





Underground Storage Tanks (USTs)

A common environmental hazard is the presence of abandoned septic tanks that have not been properly deactivated and underground storage tanks which were used to store motor oil, home heating oil, or toxic waste from industrial sites. These USTs will eventually leak their toxic contents into the groundwater, creating a potential liability for the developer of a housing community or for an individual property owner.



Remember, if a Seller knows of an underground tank on their property, it must be divulged in Section 13a on the Seller's Disclosure Form.

If it is not disclosed, guess who the Buyer will go after if they discover the tank.

The average cost to remove a tank is \$1000 to \$2,500 depending on the size of the tank.

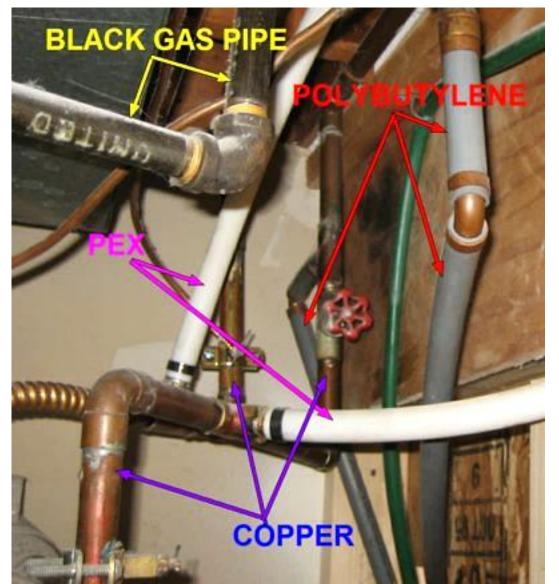


Time to take a Break !



Be back in 10 for our final 50

Section 10L asks: "Type of plumbing material currently used in the Property" Do you know?







Be VERY careful if these pipes are in a home... Polybutylene Lead and Lead-lined pipes or

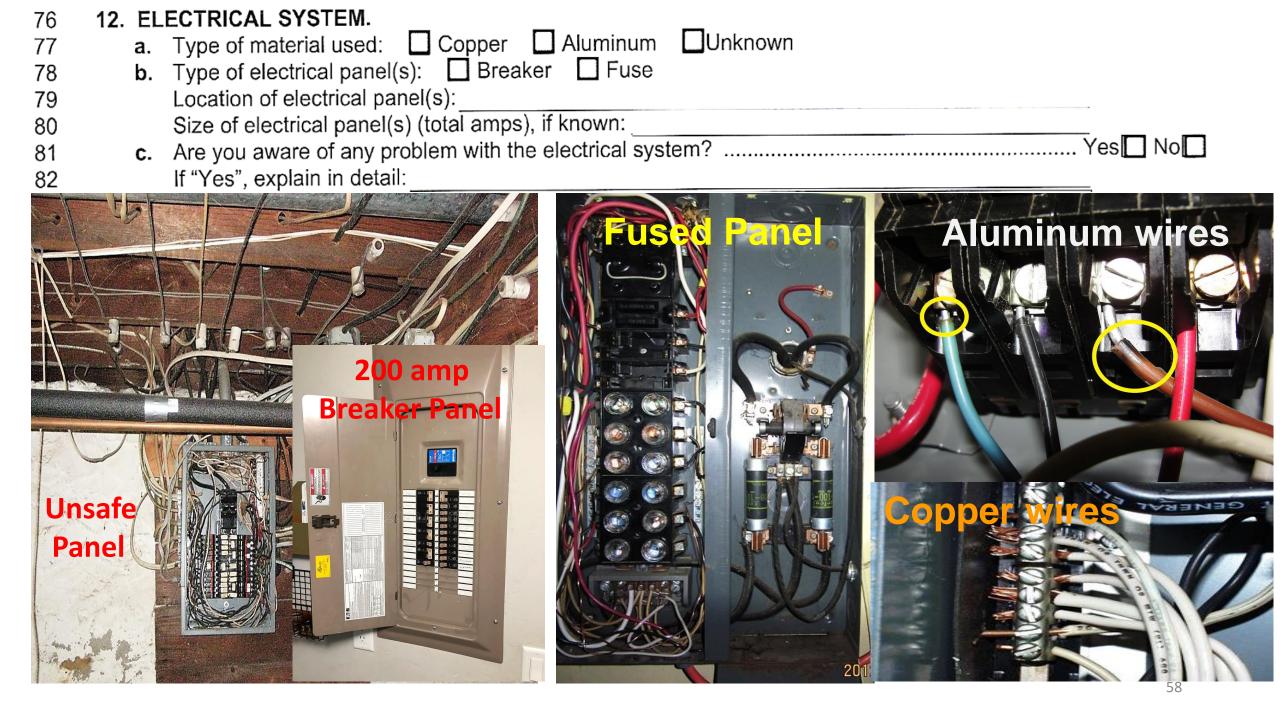


It's not "if" poly pipe will leak but "when" it will leak



Lead and Lead-lined pipes or copper pipes with lead-based solder in plumbing joints.





Fire & Water Damage



Do you know what to look for when listing or buying a fire/water damaged home?

US fire departments annually respond to an estimated 358,500 home structure fires. Many of these homes are purchased by "property flippers" who clean the property, and repair or replace fire-damaged items as necessary. Unfortunately, some flippers and homeowners do not divulge their home was fire-damaged.

Things to look for if you suspect the home has been damaged by fire or water...

- Smell: Be alert for lingering smoke odors and musty smells from mold and/or water damage.
- Water damage: Water can damage the home as much or even more than the fire itself. Mold often occurs after a fire especially in bathrooms, attics, kitchens, garages, and basements. See any fresh paint at floor level?
- **Damage to HVAC & air ducts:** Firemen may use a combination of chemicals and water to fight house fires. The chemicals may end up in the air ducts and if not removed, can severely compromise the indoor air quality.
- Warped floors and wood frames: Rafters, joists, subflooring, and wood floors often warp when exposed to
 excessive amounts of water and should inspected for structural integrity and replaced if necessary.
- NOTE: If the home's load bearing walls are compromised, investment in the home is probably not worth it.
 Plumbing damage: The heat from the flames can damage PVC, ABS, PEX, POLY, and copper pipes.

NOTE: If the home was built before 1980, it should be inspected for asbestos after a fire.

• Smoke/flame damage: Smoke particles often linger within walls and floors even after the renovation process. Areas stained by soot will often need to be replaced if left to sit. NOTE: Always check attic for charred wood.

Always advise your Buyer to have a professional home inspection to be sure.

What is a Stigmatized Property?

The National Association of REALTORS® defines a stigmatized property as:



"A property that has been psychologically impacted by an event which occurred, or was suspected to have occurred, on the property, such event being one that has no physical impact of any kind".

Buyers may shun stigmatized properties for a variety of reasons that are unrelated to its physical condition or features.

Stigmatized Properties may include...

Murder or Suicide

Criminal Activity

Phenomena



Debt or Foreclosure

Public

Environmental ⁶²

Are you required to divulge stigmatized properties?

Kansas: has no law on the books regarding stigmatized properties. However, the Kansas Association of REALTORS® recommends that "*any event*" be disclosed so that sellers avoid a potential lawsuit.

Missouri: Statute 442.600 finds that any "*psychologically impacting*" events that occurred on a property are not material facts. This includes property that was the site of a homicide, felony, or suicide.

ONE LAST TIP...

If you don't tell the client about known stigmas, *their new neighbors <u>will</u>*.



Who you gonna call?



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Living with a ghostly spirit

Would you live in a house that the previous owner believed was haunted?



63% of home buyers say all stigmas should be revealed by the Seller or their agent. Source: The Zebra

Women are 20 times more likely than men (73% vs. 53%) to want stigmatized property details revealed.



Megan's Law in Kansas and Missouri

Megan's Law is the name for a federal law (and informal name for subsequent state laws) in the United States requiring law enforcement authorities to make information available to the public regarding registered sex offenders.

These laws were created in response to the murder of Megan Kanka who was raped and murdered in July 1994, when she was 7 years old. Her killer lived across the street from her family home and unbeknownst to her parents, this neighbor had past convictions for sex offenses against two other little girls.

KANSAS: Any Kansas conviction that has been found to be sexually motivated on or after April 14, 1994, requires registration and if the date of offense occurred on or after April 14, 1994, such registration becomes public record.

MISSOURI: Under Missouri law, any person who moves into Missouri from another state and is registered (or has ever registered) in that state or would be required to register under Missouri law if the offense had been committed in Missouri, must register as a sex offender.

Registered sex offender verification sites



Kansas Bureau of Investigation 1620 SW Tyler Topeka, KS 66612 (785) 296-8200

https://www.kbi.ks.gov/registeredoffender/





Missouri State Highway Patrol

Division of Drug and Crime Control P.O. Box 568

Jefferson City, Missouri 65102-0568 (573) 526-6155

Offender Search Find registered sex offenders by a specific name and location

Interactive Map Search Find registered sex offenders near a specific location

https://www.mshp.dps.missouri.gov/CJ38/searchRegistry.jsp 66

What is an HOA?

- A Homeowners' Association (or HOA) is a legally created organization that governs residential developments, townhouses, condominiums, and high rises.
- Your clients should be informed that once they purchase property that is governed by an HOA, they automatically become a member of the HOA and will be required to pay set HOA fees and follow the HOA's rules, regulations, covenants, and restrictions that are in force.
- Kansas HOA's are governed by the Kansas Uniform Common Interest Owners' Bill of Rights Act ("KUCIOBORA"), K.S.A. §§ 58-4601 through K.S.A. 58-4623. The Act was enacted on January 1, 2011, to provide a legal framework for the operation and management of common interest communities such as homeowners' associations, condominiums, and cooperatives, to ensure the rights of homeowners and fair and effective operation of these private communities.
- Missouri does not have a specific statute governing homeowners' associations. However, if an association is organized as a non-profit, as is the case with most Missouri associations, it will be governed by the Missouri Nonprofit Corporation Act, specifically with regard to corporate structure and procedure.

Most HOA's are managed by a Board of Directors.

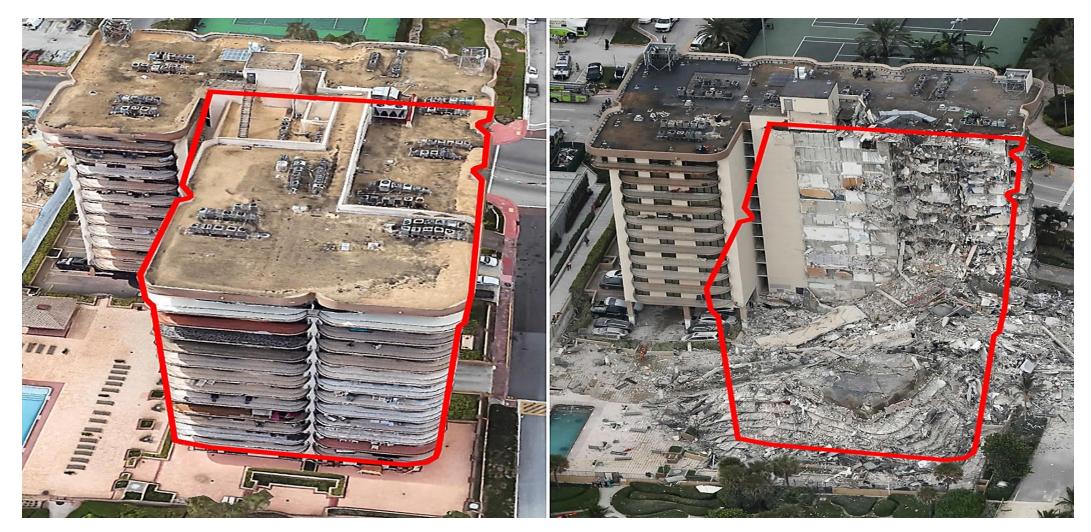
Spoiler alert: The Board has teeth.



- > The HOA is managed by an elected Board of Directors as specified in the HOA's Declaration and Bylaws. Board members are normally property owners within the HOA.
- The Board is responsible for enforcing the HOA's Rules and Regulations, Covenants, Conditions & Restrictions that apply to the property. They also collect monthly or annual fees to pay for common area maintenance and the upkeep of facilities within the HOA.
- Most HOA Boards are authorized to levy assessments to all members as needed for major repairs such a new roof, painting of buildings, parking lot paving, sewer line repairs, etc.
- The Board has the authority to impose fines on members who do not pay for their share of the assessment or for failure to pay their monthly HOA dues. The Board may also have authority to place a lien on individual properties for failure to pay HOA dues or fines. The Board may be authorized to enact foreclosure proceedings on a property if legally justified.

This happened when an HOA was not managed properly.

At 1:19 a.m., on June 24, 2021, the center of the 12-story Champlain Towers South Condominiums in Surfside, FL. suddenly collapsed. 98 people died in the second worse building collapse in US history.



Timeline of a tragedy within an HOA



October 2018: Structural engineering report

A structural engineering report was sent to all owners within the HOA detailing "*major structural damage*" to the concrete slab below the pool deck. The report recommended "*extensive repairs needed to be made in the immediate and near future.*"

September-October 2019: Resignations

Several condo association board members resign because repairs in the 2018 structural engineering report have been delayed.

January 23, 2019: Resident concerns

The Condo Board emails the Condo Chief Building Official their concerns regarding the structure of the building because it was "shaking" while a nearby building, was being constructed. **The official declined to investigate.**

April 2021: Letter to residents

The President of the condo association sent a letter to all residents in the HOA stating "*The building's condition has worsened significantly since the 2018 structural engineering inspection*". A special assessment of \$15 million is proposed to all members of the HOA to pay for the recommended structural repairs.

NOTE: All of this information and other Board correspondence regarding the structural integrity of the Champlain Towers were **RED FLAGS** and are considered a "public record" in the Board's meeting minutes which was given to all residents and upon request, be made available to anyone contemplating buying a unit in the Champlain Towers.

If any of these Agents represented a Seller or Buyer at the Champlaign Towers Condos, did they violate the Code of Ethics if they withheld information about the building?



ANSWER: NO !!!

Huh?

Buyer

Beware

At the time of the tragedy, Florida law only required Realtor's and their clients to disclose known defects or problems on an

"*individual unit*" and they were not required to disclose information about the condo's common areas, buildings, or related property, only the unit.

Fortunately, Section 14b, c, and d of the Seller's Disclosure requires Kansas and Missouri sellers and their agents to divulge property-related issues for both the property that is being sold and the common areas associated with the property that an HOA oversees.

TIP: Always advise your client to obtain a copy of the HOA's documents such as the Rules & Regulations, Bylaws, Declaration, Board Meeting Minutes, and Financial Reserves.

Bottom Line...Caveat Emptor

Important dates to remember...

IF THE HOME WAS BUILT...

1965 to 1972

1965 to today

1970 to 1982

1973 to 1997

1978 or prior

1986 or prior

CHECK FOR THIS...

- **Aluminum Electrical Wiring**
- Synthetic Stucco (EIFS)
- **Urea-Formaldehyde Foam Insulation**
- **Polybutylene Plumbing**



- Seller must fill out Lead Based Paint Disclosure Addendum
- Lead water pipes or Copper Pipes with Lead-based Solder
- **1989 or prior** Asbestos inside or outside of home
- 2002 to 2012 Chinese Drywall

REGARDLESS OF AGE: It is wise to professionally check for: Radon, Mold, Lead, Termites, Asbestos and Carbon Monoxide. Also, check if the home is in a designated flood zone. It's a good idea to check if the local zoning for the property is being considered for a change or has been rezoned.

Finally, if the property is governed by an HOA, check the association's documents including Board Meeting Minutes, any assessments (past, current, or future), and the HOA's financial reserves.

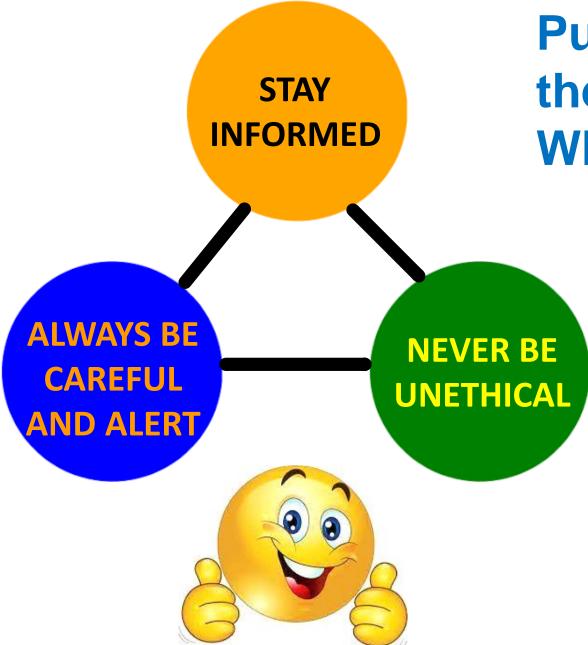


SUMMARY of Today's Course



The Mission of licensed REALTORS® is to become and remain informed on issues affecting real estate and appreciate their obligation to clients, customers, the public, and each other, as knowledgeable professionals and willingly share the fruit of their experience and study with others.

When representing a buyer, seller, landlord, tenant, or other client as an agent, **REALTORS®** pledge themselves to protect and promote the interests of their client. This obligation to the client is primary, but it does not relieve **REALTORS®** of their obligation to treat all parties honestly, ethically, and with integrity.



Put it all together and You, the Seller, and the Buyer all WIN!!



Don't forget your Certificate!

Certificate of Training and Completion

This certifies that

YOU

Has Successfully Completed the training course of The Success Triangle

Course Facilitator _____DJ Pleskac_at __KCRAR Classroom____

DJ Pleskac Signature

Today

Thank you and be safe!!

