SELLER DISCLOSURE ACT

Act 92 of 1993

AN ACT to require certain disclosures in connection with transfers of residential property.

History: 1993, Act 92, Eff. Jan. 10, 1994

The People of the State of Michigan enact:

565.951 Short title.

Sec. 1.

This act shall be known and may be cited as the "seller disclosure act".

History: 1993, Act 92, Eff. Jan. 10, 1994

565.952 Applicability of seller disclosure requirements.

Sec. 2.

The seller disclosure requirements of sections 4 to 13 apply to the transfer of any interest in real estate consisting of not less than 1 or more than 4 residential dwelling units, whether by sale, exchange, installment land contract, lease with an option to purchase, any other option to purchase, or ground lease coupled with proposed improvements by the purchaser or tenant, or a transfer of stock or an interest in a residential cooperative.

History: 1993, Act 92, Eff. Jan. 10, 1994

565.953 Seller disclosure requirements; exceptions.

Sec. 3.

The seller disclosure requirements of sections 4 to 13 do not apply to any of the following:

(a) Transfers pursuant to court order, including, but not limited to, transfers ordered by a probate court in administration of an estate, transfers pursuant to a writ of execution, transfers by any foreclosure sale, transfers by a trustee in bankruptcy, transfers by eminent domain, and transfers resulting from a decree for specific performance.

(b) Transfers to a mortgagee by a mortgagor or successor in interest who is in default, or transfers to a beneficiary of a deed of trust by a trustor or successor in interest who is in default.

(c) Transfers by a sale under a power of sale or any foreclosure sale under a decree of foreclosure after default in an obligation secured by a mortgage or deed of trust or secured by any other instrument containing a power of sale, or transfers by a mortgagee or a beneficiary under a deed of trust who has acquired the real property at a sale conducted pursuant to a power of sale under a mortgage or deed of trust or a sale pursuant to a decree of foreclosure or has acquired the real property by a deed in lieu of foreclosure.

(d) Transfers by a nonoccupant fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust.

(e) Transfers from 1 co-tenant to 1 or more other co-tenants.

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(f) Transfers made to a spouse, parent, grandparent, child, or grandchild.

(g) Transfers between spouses resulting from a judgment of divorce or a judgment of separate maintenance or from a property settlement agreement incidental to such a judgment.

(h) Transfers or exchanges to or from any governmental entity.

(i) Transfers made by a person licensed under article 24 of Act No. 299 of the Public Acts of 1980, being sections 339.2401 to 339.2412 of the Michigan Compiled Laws, of newly constructed residential property that has not been inhabited.

History: 1993, Act 92, Eff. Jan. 10, 1994

565.954 Written statement; delivery; time limits; compliance; terminating purchase agreement within certain time limits; expiration of right to terminate.

Sec. 4.

(1) The transferor of any real property described in section 2 shall deliver to the transferor's agent or to the prospective transferee or the transferee's agent the written statement required by this act. If the written statement is delivered to the transferor's agent, the transferor's agent shall provide a copy to the prospective transferee or his or her agent. A written disclosure statement provided to a transferee's agent shall be considered to have been provided to the transferee. The written statement shall be delivered to the prospective transferee within the following time limits:

(a) In the case of a sale, before the transferor executes a binding purchase agreement with the prospective transferee.

(b) In the case of transfer by an installment sales contract where a binding purchase agreement has not been executed, or in the case of a lease together with an option to purchase or a ground lease coupled with improvements by the tenant, before the transferor executes the installment sales contract with the prospective transferee.

(2) With respect to any transfer subject to subsection (1), the transferor shall indicate compliance with this act either on the purchase agreement, the installment sales contract, the lease, or any addendum attached to the purchase agreement, contract, or lease, or on a separate document.

(3) Except as provided in subsection (4), if any disclosure or amendment of any disclosure required to be made by this act is delivered after the transferor executes a binding purchase agreement, the prospective transferee may terminate the purchase agreement by delivering written notice of termination to the transferor or the transferor's agent within the following time limits:

(a) Not later than 72 hours after delivery of the disclosure statement to the prospective transferee, if the disclosure statement was delivered to the prospective transferee in person.

(b) Not later than 120 hours after delivery of the disclosure statement to the prospective transferee, if the disclosure statement was delivered to the prospective transferee by registered mail.

(4) A transferee's right to terminate the purchase agreement expires upon the transfer of the subject property by deed or installment sales contract.

History: 1993, Act 92, Eff. Jan. 10, 1994

565.955 Liability for error, inaccuracy, or omission; delivery as compliance with requirements of act; conditions.

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Sec. 5.

(1) The transferor or his or her agent is not liable for any error, inaccuracy, or omission in any information delivered pursuant to this act if the error, inaccuracy, or omission was not within the personal knowledge of the transferor, or was based entirely on information provided by public agencies or provided by other persons specified in subsection (3), and ordinary care was exercised in transmitting the information. It is not a violation of this act if the transferor fails to disclose information that could be obtained only through inspection or observation of inaccessible portions of real estate or could be discovered only by a person with expertise in a science or trade beyond the knowledge of the transferor.

(2) The delivery of any information required by this act to be disclosed to a prospective transferee by a public agency or other person specified in subsection (3) shall be considered to comply with the requirements of this act and relieves the transferor of any further duty under this act with respect to that item of information, unless the transferor has knowledge of a known defect or condition that contradicts the information provided by the public agency or the person specified in subsection (3).

(3) The delivery of a report or opinion prepared by a licensed professional engineer, professional surveyor, geologist, structural pest control operator, contractor, or other expert, dealing with matters within the scope of the professional's license or expertise, is sufficient compliance for application of the exemption provided by subsection (1) if the information is provided upon the request of the prospective transferee, unless the transferor has knowledge of a known defect or condition that contradicts the information contained in the report or opinion. In responding to a request by a prospective transferee, an expert may indicate, in writing, an understanding that the information provided will be used in fulfilling the requirements of section 7 and, if so, shall indicate the required disclosures, or parts of disclosures, to which the information being furnished applies. In furnishing the statement, the expert is not responsible for any items of information other than those expressly set forth in the statement.

History: 1993, Act 92, Eff. Jan. 10, 1994

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565.956 Disclosures; inaccuracy as result of action, occurrence, or agreement after delivery; unknown or unavailable information; basis.

Sec. 6.

If information disclosed in accordance with this act becomes inaccurate as a result of any action, occurrence, or agreement after the delivery of the required disclosures, the resulting inaccuracy does not constitute a violation of this act. If at the time the disclosures are required to be made, an item of information required to be disclosed under this act is unknown or unavailable to the transferor, the transferor may comply with this act by advising a prospective purchaser of the fact that the information is unknown. The information provided to a prospective purchaser pursuant to this act shall be based upon the best information available and known to the transferor.

History: 1993, Act 92, Eff. Jan. 10, 1994

565.957 Disclosure; form.

Sec. 7.

(1) The disclosures required by this act shall be made on the following form:

SELLER'S DISCLOSURE STATEMENT

Property Address: _____

Street

_____ Michigan

City, Village, or Township

Purpose of Statement: This statement is a disclosure of the condition of the property in compliance with the seller disclosure act. This statement is a disclosure of the condition and information concerning the property, known by the seller. Unless otherwise advised, the seller does not possess any expertise in construction, architecture, engineering, or any other specific area related to the construction or condition of the improvements on the property or the land. Also, unless otherwise advised, the seller has not conducted any inspection of generally inaccessible areas such as the foundation or roof. This statement is not a warranty of any kind by the seller or by any agent representing the seller in this transaction, and is not a substitute for any inspections or warranties the buyer may wish to obtain.

Seller's Disclosure: The seller discloses the following information with the knowledge that even though this is not a warranty, the seller specifically makes the following representations based on the seller's knowledge at the signing of this document. Upon receiving this statement from the seller, the seller's agent is required to provide a copy to the buyer or the agent of the buyer. The seller authorizes its agent(s) to provide a copy of this statement to any prospective buyer in connection with any actual or anticipated sale of property. The following are representations made solely by the seller and are not the representations of the seller's agent(s), if any. THIS INFORMATION IS A DISCLOSURE ONLY AND IS NOT INTENDED TO BE A PART OF ANY CONTRACT BETWEEN BUYER AND SELLER.

Instructions to the Seller: (1) Answer ALL questions. (2) Report known conditions affecting the property. (3) Attach additional pages with your signature if additional space is required. (4) Complete this form yourself. (5) If some items do not apply to your property, check NOT AVAILABLE. If you do not know the facts, check UNKNOWN. FAILURE TO PROVIDE A PURCHASER WITH A SIGNED DISCLOSURE STATEMENT WILL ENABLE A PURCHASER TO TERMINATE AN OTHERWISE BINDING PURCHASE AGREEMENT.

Appliances/Systems/Services: The items below are in working order (the items below are included in the sale of the property only if the purchase agreement so provides):

	Yes
Range/Oven	____
Dishwasher	____
Refrigerator	____
Hood/fan	____
Disposal	____
TV antenna, TV rotor & controls	____
Electrical system	____
Garage door opener & remote control	____
Alarm system	____

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Intercom _____
Central vacuum _____
Attic fan _____
Pool heater, wall liner & equipment _____
Microwave _____
Trash compactor _____
Ceiling fan _____
Sauna/hot tub _____
Washer _____
Dryer _____
Lawn sprinkler system _____
Water heater _____
Plumbing system _____
Water softener/conditioner _____
Well & pump _____
Septic tank & drain field _____
Sump pump _____
City Water System _____
City Sewer System _____
Central air conditioning _____
Central heating system _____
Wall furnace _____
Humidifier _____
Electronic air filter _____
Solar heating system _____
Fireplace & chimney _____
Wood burning system _____

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Explanations (attach additional sheets if necessary):

_____

_____

_____

_____

_____

UNLESS OTHERWISE AGREED, ALL HOUSEHOLD APPLIANCES ARE SOLD IN WORKING ORDER EXCEPT AS NOTED, WITHOUT WARRANTY BEYOND DATE OF CLOSING.

Property conditions, improvements & additional information:

1. Basement/crawl space: Has there been evidence of water?

If yes, please explain: _____

2. Insulation: Describe, if known _____

Urea Formaldehyde Foam In
unknown____

3. Roof: Leaks?

Approximate age if known _

4. Well: Type of well (depth/diameter, age, and repair history, if known):
_____

Has the water been tested?
If yes, date of last report/resu

5. Septic tanks/drain fields: Condition, if known: _____

_____

6. Heating System:Type/approximate age: _____
7. Plumbing system: Type:copper____ galvanized____ other____

Any known problems? _____

8. Electrical system: Any known problems? _____
9. History of infestation, if any: (termites, carpenter ants, etc.)

_____

10. Environmental Problems: Are you aware of any substances, materials, or products that may be an environmental hazard such as, but not limited to, asbestos, radon gas, formaldehyde, lead-based paint, fuel or chemical storage tanks and contaminated soil on the property.

unknown____
If yes, please explain:_____

11. Flood insurance: Do you have flood insurance on the property?

unknown____

12. Mineral rights: Do you own the mineral rights?

unknown____

Other Items: Are you aware of any of the following:

1. Features of the property shared in common with the adjoining landowners, such as walls, fences, roads and driveways, or other features whose use or responsibility for maintenance may have an effect on the property?

unknown____

2. Any encroachments, easements, zoning violations, or nonconforming uses?

unknown____

3. Any "common areas" (facilities like pools, tennis courts, walkways, or other areas co-owned with others), or a homeowners' association that has any authority over the property?

unknown____

4. Structural modifications, alterations, or repairs made without necessary permits or licensed contractors?

unknown____

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5. Settling, flooding, drainage, structural, or grading problems?

unknown____

6. Major damage to the property from fire, wind, floods, or landslides?

unknown____

7. Any underground storage tanks? unknown____

8. Farm or farm operation in the vicinity; or proximity to a landfill, airport, shooting range, etc.?

unknown____

9. Any outstanding utility assessments or fees, including any natural gas main extension surcharge?

unknown____

10. Any outstanding municipal assessments or fees?

unknown____

11. Any pending litigation that could affect the property or the seller's right to convey the property?

unknown____

If the answer to any of these questions is yes, please explain.

Attach additional sheets, if necessary: _____

_____

_____

_____

_____

The seller has lived in the residence on the property from _____ (date) to _____ (date). The seller has owned the property since _____ (date). The seller has indicated above the condition of all the items based on information known to the seller. If any changes occur in the structural/mechanical/appliance systems of this property from the date of this form to the date of closing, seller will immediately disclose the changes to buyer. In no event shall the parties hold the broker liable for any representations not directly made by the broker or broker's agent.

Seller certifies that the information in this statement is true and correct to the best of seller's knowledge as of the date of seller's signature.

BUYER SHOULD OBTAIN
INSPECTIONS OF THE PR
THE CONDITION OF THE
SHOULD TAKE INDOOR A
ACCOUNT, AS WELL AS A
LEVELS OF POTENTIAL A
LIMITED TO, HOUSEHOL

BUYERS ARE ADVISED T
PURSUANT TO THE SEX C
PA 295, MCL 28.721 TO 28.
BUYERS SEEKING THAT

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APPROPRIATE LOCAL LA
SHERIFF'S DEPARTMENT
BUYER IS ADVISED THAT
PROPERTY, PRINCIPAL RE
AND OTHER REAL PROPE
FROM THE APPROPRIATE
BUYER SHOULD NOT ASS
BILLS ON THE PROPERTY
PRESENT TAX BILLS. UNL
TAX OBLIGATIONS CAN C
PROPERTY IS TRANSFERR

Seller_____ Date_____

Seller_____ Date_____

Buyer has read and acknowledges receipt of this statement.

Buyer_____ Date_____

Buyer_____ Date_____

(2) A form described in subsection (1) printed before January 1, 2006 that was in compliance with this section at that time may be utilized and shall be considered in compliance with this section until April 1, 2006.

History: 1993, Act 92, Eff. Jan. 10, 1994 ;-- Am. 1995, Act 106, Eff. Jan. 1, 1996 ;-- Am. 1996, Act 92, Imd. Eff. Feb. 27, 1996 ;-- Am. 2000, Act 12, Imd. Eff. Mar. 8, 2000 ;-- Am. 2000, Act 13, Imd. Eff. Mar. 8, 2000 ;-- Am. 2003, Act 130, Eff. Jan. 1, 2004 ;-- Am. 2005, Act 163, Eff. Jan. 1, 2006

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565.958 Availability of copies.

Sec. 8.

Copies of the form prescribed in section 7 shall be made available to the public by all real estate brokers and real estate salespersons.

History: 1993, Act 92, Eff. Jan. 10, 1994

565.959 Additional disclosures.

Sec. 9.

A city, township, or county may require disclosures in addition to those disclosures required by section 7, and may require disclosures on a different disclosure form in connection with transactions subject to this act.

History: 1993, Act 92, Eff. Jan. 10, 1994

565.960 Disclosure; good faith.

Sec. 10.

Each disclosure required by this act shall be made in good faith. For purposes of this act, "good faith" means honesty in fact in the conduct of the transaction.

History: 1993, Act 92, Eff. Jan. 10, 1994

565.961 Other obligations created by law not limited.

Sec. 11.

The specification of items for disclosure in this act does not limit or abridge any obligation for disclosure created by any other provision of law regarding fraud, misrepresentation, or deceit in transfer transactions.

History: 1993, Act 92, Eff. Jan. 10, 1994

565.962 Disclosure; amendment.

Sec. 12.

Any disclosure made pursuant to this act may be amended in writing by the transferor, but the amendment is subject to section 4.

History: 1993, Act 92, Eff. Jan. 10, 1994

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565.963 Disclosure; manner of delivery.

Sec. 13.

Delivery of a disclosure statement required by this act shall be by personal delivery, facsimile delivery, or by registered mail to the prospective purchaser. Execution of a facsimile counterpart of the disclosure statement shall be considered to be execution of the original.

History: 1993, Act 92, Eff. Jan. 10, 1994

565.964 Transfer not invalidated by noncompliance.

Sec. 14.

A transfer subject to this act shall not be invalidated solely because of the failure of any person to comply with a provision of this act.

History: 1993, Act 92, Eff. Jan. 10, 1994

565.965 Liability of agent.

Sec. 15.

An agent of a transferor shall not be liable for any violation of this act by a transferor unless any agent knowingly acts in concert with a transferor to violate this act.

History: 1993, Act 92, Eff. Jan. 10, 1994

565.966 Effective date.

Sec. 16.

This act shall take effect upon the expiration of 180 days after the date of its enactment.

History: 1993, Act 92, Eff. Jan. 10, 1994