

Condo Conversion Disclosure Checklist

The following should be contained in the Purchase and Sales Agreement.

Please note that some states allow these disclosures to be contained a separate Public Offering Statement. Our initial position is that these disclosures are more appropriately contained in the purchase agreement so as to provide the maximum notice to the buyer and provide greater protection from a legal challenge. However, if pushback, we will allow if contained in the Public Offering Statement rather than the purchase agreement:

- ❑ The purchase agreement contains a disclosure advising the buyer of the conversion and the buyer's acknowledgement that he/she is buying a used home
- ❑ The purchase agreement identifies when the original structure was constructed and when the conversion occurred
- ❑ The purchase agreement lists the areas where conversion or remedial work was performed (by unit or by which systems were renovated)
- ❑ The purchase agreement contains a statement that no warranties are being provided for any areas not within the scope of conversion (ie; no warranties that the structure has been renovated to present day building codes, standards of care or that it is free from defects)
- ❑ The purchase agreement contains a statement that by signing the disclosure statement, buyer recognizes his obligation to inspect the dwelling and that buyer waives any rights against insured and subcontractors for areas not covered by the conversion, including claims of insufficient renovation

The purchase agreement contains a statement that buyer acknowledges that the time for bringing a claim against the original builder or owner of the dwelling may have passed

We also recommend that these disclosures be recorded against the title.

IMPORTANT: Paladin Risk Management, Ltd. is a risk management consultancy company and the information it provides should not be interpreted as insurance, coverage, or legal advice. The information provided should be interpreted in line with insurance and legal methodologies as they relate to your business practices and/or procedural guidelines.