
costs. Thus, there are limits to the amount of disclosure and the reliability of budget estimates for conversion projects. Consequently, homebuyers may be surprised by actual property needs and increases in assessments to address such needs after the developer's obligation to pay assessments has expired. Active participation in the HOA provides homeowners a better opportunity to ensure that reserve accounts are being adequately funded.

Review Period

The excitement of purchasing a new home combined with the significant obligations the homebuyer is agreeing to can make the homebuying process emotional as well as stressful. When contracts are signed, the amount of documentation that must be read and signed can be overwhelming. Many buyers may neglect to read all of the documents thoroughly. Real estate purchase contracts typically allow the buyer a period of time to satisfy him/herself in regards to various matters concerning the property and to cancel the contract without penalty. The buyer should use this period to examine the documentation, particularly the matters raised in the public report, to determine that the property, with all of its restrictions and obligations, will be a suitable home for many years.

ABOUT THE CALIFORNIA DEPARTMENT OF REAL ESTATE

The DRE is responsible for reviewing applications for public reports and issuing public reports. The DRE's activities are only a small part of the subdivision development process. The DRE's involvement begins when an application for a public report is submitted, at about the time that construction has begun on the subdivision, and ends once the last lot or unit in the subdivision is conveyed by the developer. The DRE has jurisdiction over a developer only during the time that he/she is marketing homes in a subdivision that is subject to the SLA. Additionally, the DRE seeks to ensure that adequate provisions are made for the completion of essential subdivision improvements. If public improvements or common

The DRE only has jurisdiction over the developer during the time the developer is marketing the subdivision.

area improvements within CIDs have not been completed when the public report is issued, the DRE ensures that adequate performance security has been provided to the local agency and/or to the HOA. The DRE also ensures that the developer properly secures homebuyer purchase money until the subdivision interest is conveyed. The DRE does not exercise land use authority nor does it exercise authority over HOAs.



www.bre.ca.gov