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- Essential services such as sewage disposal, water supply, and other public utilities, transportation improvements, and public services such as schools
 - Matters affecting title to the property including CC&Rs, easements, taxes, and assessments, special transfer fees, etc.
 - Purchase contract information including special terms
 - HOA matters, if any, including assessment information, common area information, special arrangements made by the developer concerning common area, governance matters, etc.

The primary purpose of the public report is to protect prospective homebuyers from misrepresentation, deceit, and fraud in the public sale, lease or financing of subdivisions. Because of the large amounts of money and the complexity involved in real estate transactions, the possibility of fraudulent or dishonest activity is increased. A developer also may be motivated to withhold information that, if known, may lead to a lower value, may affect a buyer's decision, or that may ultimately negatively affect the buyer's quality of life. Thus, the public report is intended to disclose material information to homebuyers when they are deciding to purchase in the subdivision.

RISKS ASSOCIATED WITH PURCHASING A HOME IN A NEW SUBDIVISION

Homebuyers should also be aware of matters beyond the scope of the public report that may affect their ownership in the subdivision. The public report alerts prospective buyers to general factors that affect homes in the subdivision; it makes no inference as to the suitability of a particular home for a particular homebuyer or the general risks associated with homeownership.

A prolonged or severe market downturn may affect the health of the HOA. The failure to pay by a significant number of members will reduce the HOA's ability to pay for services.

In addition to the financial obligations of mortgage loan payments, property taxes, and insurance, homeowners must be prepared to maintain and pay for the costs of maintenance and repairs associated with the home. Homeowners in common interest developments must also be prepared

to pay HOA dues and assessments. Many of these costs may increase over time, and the homeowner must be prepared to pay for them, even in times of declining home prices. Homebuyers should also be aware and understand that HOA assessments will increase at the end of any developer subsidy program during the initial sales period of the subdivision.

A prolonged or severe real estate market downturn may affect the health of the HOA. HOA operations are funded entirely by assessments paid by its members, and a failure to pay by a significant number of members will negatively affect the finances of the HOA. Even with the best collection efforts by the HOA, the timing of collection of delinquencies and the costs of collection will negatively impact the HOA's budget. The result of a decline in revenues will be a decrease in the level of services provided by the HOA, or increased assessments on paying owners, or both.

Homebuyers in properties that have been converted from a previously constructed building or buildings should be aware of the potential for higher costs of maintenance and repairs. Depending on the age and condition of the property prior to conversion, the property may require corrections and improvements that go beyond the typical cosmetic improvements necessary to attract homebuyers. In addition to exterior improvements such as roofing, siding, paving, and landscaping that are readily visible and somewhat obvious, infrastructure, mechanical, electrical, and plumbing systems – most of which are not visible – may require significant rehabilitation or updating. The DRE's HOA budget review and acceptance process requires condominium converters to submit reserve studies which estimate the funds necessary for the HOA to take over the project's maintenance responsibilities; however, condominium converters often are not long-term owners of the property prior to conversion, and therefore do not have direct knowledge of a project's true maintenance or operational

Homebuyers in conversion subdivisions may be surprised by actual property needs, and increases in assessments to pay for them, after the developer's obligation to pay assessments has expired.