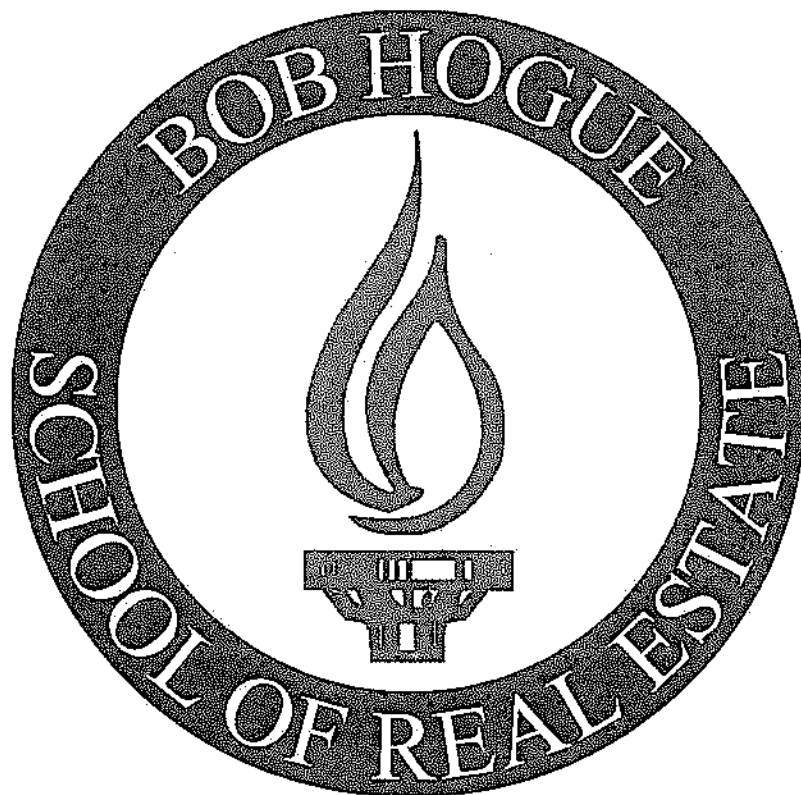


# Continuing Education for Florida Real Estate Professionals

Sixteenth Edition

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courts and may be one of the largest product liability cases related to home construction in U.S. history.

The drywall looks like any other but smells like rotten eggs. If the word *Knauf* is printed on the back of the drywall (you can check it by going into your attic), you have the Chinese version.

While builders don't yet know whether it will have to be ripped out or whether it can be treated, it will undoubtedly be very expensive.

### Ad Valorem Taxes on Houses with Chinese Drywall

Property appraisers, beginning with the 2010 assessment roles, must adjust the assessed value of single-family residential properties affected by tainted drywall. If the home cannot be used for its intended purpose without remediation or repair, the value of the property must be assessed at \$0. To qualify, a home must have imported drywall that causes a significant impact on the just value of the property. Also, the buyer must not have been aware of the presence of the tainted drywall at the time of purchase. After substantial completion of remediation and repairs, the property shall be assessed as if the imported drywall had not been present.

To qualify for reduced assessment, the buyer cannot have known about the tainted drywall.

## IN PRACTICE

### Disclose the presence of Chinese drywall

If the house was built between 2004 and 2007, there is a possibility that the builder used Chinese drywall. Licensees who list and sell such properties should ensure that full disclosure is made to buyers.

The Florida Realtors® Chinese/Defective Drywall Addendum to Contract (CDA-1), an addendum to the Residential Sale and Purchase Contract:

- includes a seller's representation that there is or is not Chinese drywall in the property,
- gives the buyer an opportunity to have an inspection made and cancel the contract if defective drywall is found, and
- states the buyer will hold the broker harmless.

## Electromagnetic Radiation

Every day, we are exposed to electromagnetic radiation (EMR), whether it comes from televisions, cellphones, computers, or power lines. Some studies have shown that EMR can cause cancer and leukemia. Wherever there is electric power there is EMR. Because there is a public perception of danger, the presence of high-voltage electric transmission lines may affect the market value of property, requiring disclosure. A concerned buyer may wish to have tests made.

## Mold

The hot disclosure term in real estate today is *mold*. Mold is not new—it's been in Florida buildings for years. While the state has not mandated a separate mold disclosure form, many licensees are using the mold disclosure form created by the Florida Realtors®.

**What is Mold?** Mold is not a plant or animal. It's a type of fungus, and its spores are present in the air we breathe, both indoors and out. We see it on bread or cheese that we keep too long. If we are not good housekeepers, we can see it on the tile grout in the shower. If mold is present in a house, particularly in vacant homes, a musty odor is often detected.