



**House
Legislative
Analysis
Section**

Olds Plaza Building, 10th Floor
Lansing, Michigan 48909
Phone: 517/373-6466

CHANGE TO DISCLOSURE FORM

**House Bill 5418 (Substitute H-1)
First Analysis (12-5-95)**

**Sponsor: Rep. Sandra Hill
Committee: Agriculture and Forestry**

THE APPARENT PROBLEM:

House Bill 4301 was enacted into law this year (as Public Act 106) to add a provision to the Seller Disclosure Act, which requires sellers of real estate to disclose certain information about the property to potential buyers, requiring disclosure of the fact that real property that is being sold is located near farming operations. This requirement is intended to help prevent disputes from arising between a farmer and a potential future neighbor, as the farm's presence could be considered as a factor in whether or not to buy the property. After 50,000 copies of the form were printed and distributed to realtors, however, at least one realtor thinks information on it relating to farms could be misleading to potential buyers. Thus, legislation has been proposed that would both make a technical change to the language that must appear on the form and authorize realtors to alter existing forms to reflect the change.

THE CONTENT OF THE BILL:

The Seller Disclosure Act currently requires the seller disclosure form to include a question, under the "Other Items" category, which asks, "Farm or farm operation in the vicinity or proximity to a landfill, airport, shooting ranges, etc.?" The bill would insert a semi-colon into the phrase, so that this question would read as follows: "Farm or farm operation in the vicinity; or proximity to a landfill, airport, shooting range, etc.?" The bill also provides that disclosure forms printed before the bill's effective date that complied with Public Act 106 of 1995 (enacted House Bill 4301), except for the changes that would be added by this bill, could be used and would be in compliance with the act until July 1, 1996. The bill would take effect January 1, 1996.

FISCAL IMPLICATIONS:

The House Fiscal Agency says the bill would not affect state or local budget expenditures. (11-30-95)

ARGUMENTS:

For:

The bill would make a minor technical change to the Seller Disclosure Act to correct language added to the act by Public Act 106 of this year which requires someone selling real estate to disclose whether or not a farm or farm operation is located near the property up for sale. After House Bill 4301 was enacted, realtors began work on the form required by law, and just recently printed nearly 50,000 copies. Apparently, however, at least one realtor fears this particular question on the form could be misleading to potential buyers and, thus, might be a liability problem both for the seller of property and his or her realtor. The unclear language could be rectified simply by adding a semi-colon, and the bill both would make this change to the form and permit forms that have already been printed to be altered to reflect the change.

Against:

The bill represents absurd micromanagement of a "problem" raised by one realtor regarding language on the seller disclosure form, which is reasonably clear already. Using the legislative process to make such a minor technical change to the form is both time-consuming and expensive.

POSITIONS:

The Michigan Association of Realtors supports the bill. (12-1-95)

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.

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