HINTS FOR HOMEBUYERS

Taking The Guesswork Out Of Homeowner's Insurance For Buyers

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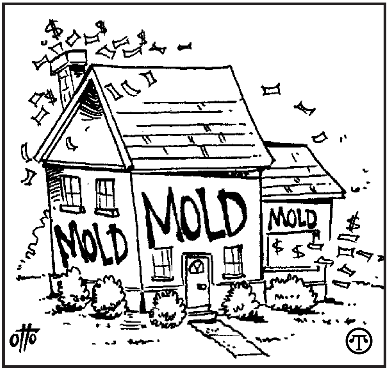
(NAPSA)—Aside from taxes and loan payments, homeowners insurance may be the biggest expense on the minds of potential new homebuyers in today's booming real estate market. As part of every real estate transaction, home sellers must disclose everything about the land and property to a potential buyer that can be considered material, states have mandated. This can range from natural and environmental hazards to insurance losses filed on the property over the last five years. One of the best ways to make sure a property will qualify to be underwritten for homeowner's insurance is to know the history of losses on the property.

Many previous insurance losses on a property are not disclosed at the time of sale.

There are many reasons for nondisclosure. For instance, it can be as simple as a seller unaware of the history of the property or a homeowner who forgets to disclose a series of seemingly innocent "accidents" on the property. Problems like leaking hot water heaters, burst pipes or dozens of other incidents that lead to insurance losses might not seem important but they are. Any of these are enough to potentially place the property in a



high-risk insurance pool. Without homeowner's insurance, banks will not lend or could cancel a loan.

Insurance companies track property losses for their policyholders, recognizing that past losses on a property can be a strong indicator of future problems. Think about it. Any problem, even if fixed, can serve as a warning of more to come—like dry rot or termites. Even everyday repairs like plumbing, gas and roof leaks signify potential financial risk. If a buyer has no knowledge of the history of a new residence, that dream house could potentially cost thousands of dollars in future repairs.

Insurance companies review a property's loss history before issuing a policy and for new properties, this usually occurs after the sale closes and the bank has granted the loan. The results of improper loss disclosure have been disastrous for those unlucky enough to find themselves in the financial predicament of facing significantly higher than expected insurance premiums.

Today, one of the most insidious of all problems is mold. Occurring mainly after water damage and leaks yet silent and dangerous, mold causes chronic health problems and property damage if left unchecked. In some cases it is incredibly hard to detect unless an inspector is specifically looking for it and, even then, mold could be impossible to remove.

Forewarned Is Forearmed

There's a simple solution to avoid the pitfalls described. A simple disclosure report is available to every seller, buyer and their agents. It's called a C.L.U.E.® Risk Only Report, currently available only from Property I.D. (www.propertyid.com). It tracks the insurance loss history of a property, not its owners, and is based on the industry-standard Comprehensive Loss Underwriting Exchange (C.L.U.E.). The report sells for $19.50. When weighed against the potential liability of a new property costing six figures, it can be an extremely small investment that can be paid at closing.

In today's litigious society, disclosure is the best protection against this significant risk.

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