



How do I use a pest control report?

A: A **Structural Pest Control (SPC) report** is not a legislatively mandated seller disclosure in a California real estate transaction, unlike a Transfer Disclosure Statement (TDS) or a Natural Hazard Disclosure (NHD). Most conventional lenders do not require a NSPC report or termite clearance.

However, the existence of pests such as termites *adversely affects* the value of property. Since this fact relates to value, the seller is compelled to disclose their presence before the buyer makes a decision setting the price and closing conditions in an offer submitted to the seller.

To best disclose a pest infestation, the seller orders an SPC report. The report is included as part of the marketing package for delivery to prospective buyers or their agents when they inquire about the property — before the seller enters into a purchase agreement with the buyer.

A **Pest Control Certification** — a certificate of clearance — is issued by the SPC company to indicate the property is free of infestation or infection in the visible and accessible areas. This certification is commonly called a *termite clearance*. If any infestation or infection is not corrected, it will be noted in the certification.

The SPC report separates the findings and recommendations into two categories:

1. **Section I items**, listing items with visible evidence of active infestations, infections or conditions that have resulted in or from infestation or infection; and
2. **Section II items**, listing conditions deemed likely to lead to infestation or infection but where no visible evidence of infestation or infection was found.

If a seller has obtained an SPC report which discloses the existence of conditions that have an adverse effect on value and does not inform the buyer of the contents of the report, the seller is defrauding the buyer. Therefore, the buyer may pursue the seller and the seller's broker/agent to recover the cost of repairs, either prior to or after the close of escrow. Provisions in the purchase agreement allowing the seller to entirely avoid the cost of termite clearance and repairs are not enforceable when known defects go undisclosed at the time the buyer and seller enter into a purchase agreement.

Further, when the seller does not provide an SPC report, the buyer needs to consider ordering their own SPC report.