

California Land Title Association

Title Consumer Series: Understanding Subdivision Public Reports

What is a Subdivision Public Report?

The Subdivision Public Report is a disclosure statement for the public which permits the sale or lease of lots, parcels or units within a subdivision. Just as corporations must obtain approval to issue and sell stock certificates, a developer must obtain approval to sell or lease five or more lots, parcels or units within a subdivision.

Who must obtain a State of California Department of Real Estate Subdivision Public Report?

Any person or persons who intend on selling or leasing five or more lots, parcels, or units within a subdivision must first obtain a Subdivision Public Report.

What types of subdivision projects would be exempt from obtaining a Public Report?

- Those subdivisions with less than five units
- Subdivisions offered by public agencies
- Commercial and industrial subdivisions
- A standard subdivision (having no common area) within the boundaries of a city with all lots to be improved
- For specific examples and explanations regarding exempt status, contact the Department of Real Estate directly at (213) 897-3399.

Is there more than one type of Subdivision Public Report?

The Subdivision Public Report, also called a White Report or Final Subdivision Public Report, authorizes a developer to sell or lease lots, parcels or units within a subdivision. On some occasions a developer may apply for a Preliminary Public Report, also known as a Pink Report, which will allow a developer to advertise and take reservation deposit monies for the sale or lease of lots, parcels or units within subdivision. Reservation deposits taken by a developer under a Preliminary Subdivision Public Report are fully refundable.

What kind of information can typically be found in the Public Report?

The Department of Real Estate guidelines are specific about certain conditions that should always be included in the Public Report. Generally, the Public Report will disclose such information as: applicant's name, location and size of the subdivision, information on utilities, schools, taxes, management, maintenance and operational expenses, unusual easements, rights of way, set back requirements on vacant land offerings, restrictions or conditions imposed upon the buyer, any unusual costs that a consumer might have to incur and any unusual financial or conveyance arrangements. Each Public Report is unique to its specific project. The information found within the pages is provided to assist the potential purchaser with making an informed decision.

What is the purpose of the Subdivision Public Report?

The purpose of the Subdivision Public Report is to inform the consumer about a specific property/project, thereby offering some protection from misrepresentation, deceit and fraud. During the processing of the Subdivision Public Report, the California Department of Real Estate, among other things, reviews the developer's project management budget, deposit money handling, advertisements and the guarantees made to complete all promised improvements.

What State of California agency is responsible for policing compliance with Public Reports?

The Commissioner of the Department of Real Estate is responsible for policing compliance of the Subdivision Public Report. Whenever the Commissioner believes from satisfactory evidence that any person has or is about to violate any provisions, conditions, or requirements of the Subdivision Public Report, the Commissioner may bring an action in the Superior Court against such person, in the name of the People of the State of California.

Why is the California Department of Real Estate Subdivision Public Report important to a new home buyer?

The Subdivision Public Report gives a potential home buyer pertinent information regarding the subdivision he/she is buying into. Although the Public Report is neither an offer nor a recommendation to purchase, it is an invaluable source of information for the consumer. Also important is the disclosure portion of the Public Report which serves to alert consumers to any negative aspects of a particular offering.

What California State Agency is responsible for issuing the Subdivision Public Report?

Under the California Business and Transportation Agency is the Department of Real Estate, whose Chief Officer is the Real Estate Commissioner. It is the Real Estate Commissioner's duties, through the Department of Real Estate, to issue the Subdivision Public Reports, license real estate brokers and sales persons, and adopt rules and regulations for the enforcement of the California laws dealing with the real estate industry.

How does the California Department of Real Estate protect the subdivision purchaser?

The Department of Real Estate has established stringent guidelines and standards with which developers must comply when structuring their projects. All aspects of the subdivision offering are subjected to these guidelines and standards in order to protect the public from misrepresentation, deceit and fraud.

This Title Consumer is published by the California Land Title Association. Member companies of the California Land Title Association are dedicated to facilitating the transfer of real property throughout California and increasing the public's awareness of the value and purpose of title insurance.