

Get a C.L.U.E Avoid Buying a Lemon



You find the perfect house, but prior damage and other issues may be lurking in the house's past. That's why it's important to thoroughly investigate the house before you make an offer. The last thing you want is to pay thousands of dollars for a set of problems someone else is trying to get rid of.

The first step is to have a complete home inspection to reveal critical information about the condition of the house and its systems. Once this is done, you should take your investigation a step further by requesting a C.L.U.E. (Comprehensive Loss Underwriting Exchange Report) from the sellers. A C.L.U.E report is a seven year history of a property's home insurance claims, which includes information about the type of claim, the date, and how much the insurance company paid to resolve the problem. The report does not go into specifics, such as where the damage to the property occurred. However, it does list claims that were denied. Why is this important? Because past insurance claims can help insurance companies determine whether to approve an insurance policy and the insurance rate your client will pay. No other sources of data, such as credit reports, civil lawsuits, criminal records or legal judgments, are incorporated into C.L.U.E. reports.

More homebuyers are requiring home sellers to provide a C.L.U.E. as a contingency to a purchase offer. If you are selling your home, reviewing the C.L.U.E report before listing your house allows you to be completely honest to prospective buyers. Neither buyers nor real estate agents can obtain C.L.U.E. reports directly. The request for the report must come from the property seller to their insurance agent or insurance company. The C.L.U.E. report is considered a "consumer report" just like a credit history report and needs to be handled in the same manner under Federal and State law. Acquiring a C.L.U.E. Report without the property owner's authorization is a violation of the Fair Credit Reporting Act.

No house is perfect. The ability to review a C.L.U.E. report at the time of listing, puts the seller at a competitive advantage. At the same time, a potential buyer will achieve a greater comfort level when making an offer on a property for which the loss history is known.

Contact **Lisa Allen, Insurance Agent, Champion Realty Insurance at 410.975.3044** for more information on how a C.L.U.E. Report can help you avoid property and insurability issues down the road.

