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Dead Men Help No Sales

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People used to die at home all the time. It wasn't until relatively recently that dying in hospitals became the norm, largely because most doctors made house calls up until the 1930s. Modern society has seen a shift away from death in the home toward dying in a professionalized medical environment, a phenomenon known as the "Invisible Death." Consequently, the reality of death has become increasingly taboo—and matters of real estate are no exception.

While a home's history of murder or suicide is not a physical defect posing risk to inhabitants, it may nevertheless give rise to emotional issues when dealing with a property's reputation. Although some would never consider purchasing property where a violent crime occurred, others may not care, or even find it adventuresome. Some infamous crime scenes have even increased property value because of notoriety as a popular tourist attraction, such as Casa Casuarina, the third most photographed home in America (after the White House and Graceland) where serial killer Andrew Cunanan shot and killed Gianni Versace in 1997.

Killer Deals

The National Association of Realtors (NAR) defines "stigmatized property" as that which has been "psychologically impacted by an event which occurred or was suspected to have occurred on the property, such event being one that has no physical impact of any kind." Examples of stigmatizing factors include murder, suicide, violent deaths, haunting, and paranormal phenomena. These may affect a property's market value. According to NAR, only 15 percent of potential buyers would be willing to pay full price for a



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psychologically impacted home, while 19 percent would consider it but expect a significant discount.

A house's proximity to a violent death or the scene of a crime can be a deal-breaker for many potential homebuyers. Stigmatized properties are often difficult to sell because of cultural superstitions that further perpetuate the stigmatization effect. Those who are willing to look past a property's morbid history can leverage the opportunity to purchase at a mere fraction of the asking price, which generally tends to reduce over time in contrast to less spooky counterparts.

Buyer Beware—You're in for a Scare

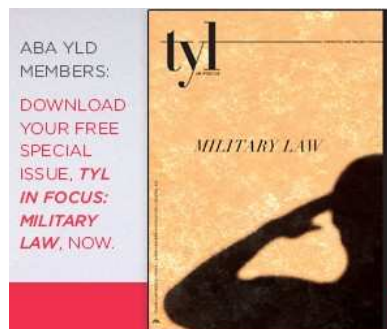
Generally, sellers are required to make certain disclosures about a property's physical condition (e.g., a foundational crack) so potential buyers can make an informed decision about whether or not to purchase the property. While state laws vary, sellers must typically disclose structural hazards and anything that could be of adverse consequence to the building's integrity or the inhabitants' health. Stigmatizing factors, in contrast, are excluded from these requirements as a mere matter of perception.

In recent years, many states have even enacted "stigma statutes" that limit sellers' and brokers' liability for failure to disclose stigmatizing details to potential buyers. The rationale being that, now more than ever, the Internet and social media allow information about a house to be accessed relatively easily with a simple search. Thus, psychological damage, whatever that might entail to a potential buyer, is largely a homeowner concern best left to *caveat emptor* (let the buyer beware).

The website www.DiedinHouse.com can tell you the name of every person whose death has been associated with a particular address at any given time. Founder and CEO Roy Condrey got the idea for DiedinHouse.com when a tenant at one of his rental properties claimed that a house was haunted. Condrey found no evidence of the paranormal, but it made him wonder. When Condrey found no websites offering information about deaths in homes, searchable by address, DiedinHouse.com was born.

American Horror Story

Of the jurisdictions that expressly require disclosure of stigmatizing factors, many impose a time limit for having to do so. California, for example, only requires deaths to be disclosed if they took place within the last three years. Alaska and South Dakota require a seller to disclose if a homicide or suicide has occurred in a home in the year prior to sale. In contrast, some jurisdictions, such as Arizona, Georgia, Indiana, and Pennsylvania, have specific statutes that do not require sellers to disclose anything about whether a property is stigmatized.



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It is important to recognize that these parameters do not absolve sellers from liability for breaching the common law duty of honesty in their dealings with potential buyers. In most states, in the interest of fair dealing, sellers must truthfully respond to specific questions about a property's past macabre happenings, even if doing so requires an answer exceeding statutory disclosure requirements.


Who You Gonna Call?

The most notable case involving stigmatized property is *Strambovsky v. Ackley*, 169 A.2d 254 (N.Y. App. Div. 1991). Plaintiff Strambovsky, who had agreed to purchase the Nyack, New York, home for \$650,000 and made a down payment of more than \$30,000, sought to rescind the contract after realizing that the previous owner and local press had widely reported that poltergeists haunted the home. As a new resident of the area (pre-Internet, mind you), Strambovsky argued there was no way he could have discovered the purported paranormal activity, the concealment of which was tantamount to misrepresentation. Declaring that the house was haunted as a matter of law because the seller had proclaimed it to be in multiple newspapers and magazine articles. Regardless of that claim's legitimacy, the court held that although *caveat emptor* would normally apply, the doctrine could be modified in a merged law and equity system to do justice to the parties. The sale was rescinded and half of the down payment returned. Commonly known as "the Ghostbusters ruling," the *Strambovsky* opinion cleverly reads, in pertinent part,

[T]he notion that a haunting is a condition which can and should be ascertained upon reasonable inspection of the premises is a hobgoblin which should be exorcised from the body of legal precedent and laid quietly to rest.

Fortunately for Ackley, plenty of people who wanted to own a haunted house surfaced after hearing about the case so she had no trouble reselling her Victorian mansion, then deemed "Ghost House." Most recently, the [house](#) was sold for \$1.7 million in 2015 by then owner singer-songwriter Ingrid Michaelson.

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