

REAL ESTATE INSPECTION AGREEMENT

THIS IS INTENDED TO BE A LEGALLY BINDING CONTRACT - PLEASE READ IT CAREFULLY

Client: _____

Report #: _____

Address: _____

Fee: _____

SCOPE OF THE INSPECTION: The real estate inspection to be performed for Client is a survey and basic operation of the systems and components of a building which can be reached, entered, or viewed without difficulty, moving obstructions, or requiring any action which may result in damage to the property or personal injury to the Inspector. The purpose of the inspection is to provide the Client with information regarding the general condition of the building(s).

Inspector will prepare and provide Client a written report for the sole use and benefit of Client. The written report shall document any material defects discovered in the building's systems and components which, in the opinion of the Inspector, are safety hazards, are not functioning properly, or appear to be at the ends of their service lives.

The inspection shall be performed in accordance with the Standards of Practice of the California Real Estate Inspection Association (CREIASM), attached hereto and incorporated herein by reference, and is limited to those items specified herein.

CLIENTS DUTY: Client agrees to read the entire written report when it is received and promptly call Inspector with any questions or concerns regarding the inspection or the written report. The written report shall be the final and exclusive findings of Inspector.

Client acknowledges that Inspector is a generalist and that further investigation of a reported condition by an appropriate specialist may provide additional information which can effect Client's purchase decision. Client agrees to obtain further evaluation of reported conditions before removing any investigation contingency and prior to the close of the transaction.

In the event Client becomes aware of a reportable condition which was not reported by Inspector, Client agrees to promptly notify Inspector and allow Inspector and/or Inspector's designated representative(s) to inspect said condition(s) prior to making any repair, alteration, or replacement. Client agrees that any failure to so notify Inspector and allow inspection is a material breach of this Agreement.

ENVIRONMENTAL CONDITIONS: Client agrees what is being contracted for is a building inspection and not an environmental evaluation. The inspection is not intended to detect, identify, or disclose any health or environmental conditions regarding this building or property, including, but not limited to: the presence of asbestos, radon, lead, urea-formaldehyde, fungi, molds, mildew, PCB's, or other toxic, reactive, combustible, or corrosive contaminants, materials, or substances in the water, air, soil, or building materials. The Inspector is not liable for injury, health risks, or damage caused or contributed to by these conditions.

CHINESE DRYWALL EXCLUSION: The Client specifically acknowledges that the Property Inspection will not and is not intended to detect, identify, disclose, or report on the presence of Chinese Drywall products or the actual or potential environmental concerns or hazards arising out of the existence of these products. Client agrees to hold the Company and Inspector harmless for any injury, health risk, or damages of any nature caused or contributed to by these products. Furthermore, Client acknowledges that any discussions regarding the actual or potential presence of Chinese Drywall are informative in nature only and that the Property Inspection Company and/or Inspector do not hold the Company or themselves to be experts pertaining to the potential concerns associated with Chinese Drywall.

GENERAL PROVISION: The written report is not a substitute for any transferor's or agent's disclosure that may be required by law, or a substitute for Client's independent duty to reasonably evaluate the property prior to the close of the transaction. The inspection Agreement, the real estate inspection, and the written report do not constitute a home warranty, guarantee, or insurance policy of any kind whatsoever.

No legal action or proceeding of any kind, including those sounding in tort or contract, can be commenced against Inspector/Inspection Company or its officers, agents, or employees more than one year from the date Client discovers, or through

the exercise of reasonable diligence should have discovered, the cause of action. In no event shall the time for commencement of a legal action or proceeding exceed two years from the date of the subject inspection. **THIS TIME PERIOD IS SHORTER THAN OTHERWISE PROVIDED BY LAW.**

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their heirs, successors, and assigns.

This Agreement constitutes the entire integrated agreement between the parties hereto pertaining to the subject matter hereof and may be modified only by a written agreement signed by all of the parties hereto. No oral agreements, understandings, or representations shall change, modify, or amend any part of this Agreement.

Each party signing this Agreement warrants and represents that he/she has the full capacity and authority to execute this Agreement on behalf of the named party. If the Agreement is executed on behalf of Client by any third party, the person executing this Agreement expressly represents to Inspector that he/she has the full and complete authority to execute this Agreement on Client's behalf and to fully and completely bind Client to all of the terms, conditions, limitations, exceptions, and exclusions of this Agreement.

SEVERABILITY: Should any provision of this Agreement be held by a court of competent jurisdiction to be either invalid or unenforceable, the remaining provisions of this Agreement shall remain in full force and effect, unimpaired by the court's holding.

MEDIATION: The parties to this agreement agree to attend, in good faith, mediation with a retired judge or lawyer with at least 5 years of mediation experience before any lawsuit is filed. All notices of mediation must be served in writing by return receipt requested allowing 30 days for response. If no response is forthcoming the moving party may then demand binding arbitration under the terms and provisions set forth below.

ARBITRATION: Any dispute, controversy, interpretation or claim including claims for, but not limited to, breach of contract, any form of negligence, fraud, or misinterpretation arising out of, from or related to, this contract or arising out of, from or related to the inspection or inspection report shall be submitted first to a Non-Binding Mediation conference and absent a voluntary settlement through Non-Binding Mediation to be followed by final and Binding Arbitration, if necessary, as conducted by Construction Dispute Resolution Services, LLC or Resolute Systems, Inc. utilizing their respective Rules and Procedures. If you would like to utilize the Mediation or Arbitration services of another dispute resolution provider other than one of those so stated please submit your recommendation to us for our consideration. If the dispute is submitted to Binding Arbitration, the decision of the Arbitrator appointed there under shall be final and binding and the enforcement of the Arbitration Award may be entered in any Court or administrative tribunal having jurisdiction thereof.

NOTICE: YOU AND WE WOULD HAVE A RIGHT OR OPPORTUNITY TO LITIGATE DISPUTES THROUGH A COURT AND HAVE A JUDGE OR JURY DECIDE THE DISPUTES BUT HAVE AGREED INSTEAD TO RESOLVE DISPUTES THROUGH MEDIATION AND BINDING ARBITRATION.

Client acknowledges having read and understood all the terms, conditions, and limitations of this Agreement and voluntarily agrees to be bound thereby and to pay the fee listed above

Client: _____ Date: _____

Inspector: _____ Date: _____

CREIA STANDARDS OF PRACTICE

RESIDENTIAL STANDARDS OF PRACTICE - FOUR OR FEWER UNITS

Part I. Definitions and Scope

These Standards of Practice provide guidelines for a *real estate inspection* and define certain terms relating to these *inspections*. *Italicized* words in these Standards are defined in Part IV, Glossary of Terms.

A. A *real estate inspection* is a survey and basic *operation* of the *systems* and *components* of a *building* which can be reached, entered, or viewed without difficulty, moving obstructions, or requiring any action which may result in damage to the property or personal injury to the *Inspector*.

The purpose of the *inspection* is to provide the Client with information regarding the general *condition* of the *building(s)*. Cosmetic and aesthetic *conditions* shall not be considered.

B. A *real estate inspection* report provides written documentation of material defects discovered in the *inspected building's systems* and *components* which, in the opinion of the *Inspector*, are *safety hazards*, are not *functioning* properly, or appear to be at the ends of their service lives. The report may include the *Inspector's* recommendations for correction or further evaluation.

C. *Inspections* performed in accordance with these Standards of Practice are not *technically exhaustive* and shall apply to the *primary building* and its associated *primary parking structure*.

Part II. Standards of Practice

A *real estate inspection* includes the *readily accessible systems* and *components* or a representative number of multiple similar components listed in SECTIONS 1 through 9 subject to the limitations, exceptions, and exclusions in Part III.

SECTION 1 - Foundation, Basement, and Under-floor Areas

A. Items to be *inspected*:

1. Foundation *system*
2. Floor framing *system*
3. Under-floor ventilation
4. Foundation anchoring and cripple wall bracing
5. Wood separation from soil
6. Insulation

B. The *inspector* is not required to:

1. *Determine* size, spacing, location, or adequacy of foundation bolting/bracing *components* or reinforcing *systems*
2. *Determine* the composition or energy rating of insulation materials

SECTION 2 - Exterior

A. Items to be *inspected*:

1. Surface grade directly adjacent to the *buildings*
2. Doors and windows
3. Attached decks, porches, patios, balconies, stairways, and their enclosures
4. Wall cladding and trim
5. Portions of walkways and driveways that are adjacent to the *buildings*

B. The *inspector* is not required to:

1. *Inspect* door or window screens, shutters, awnings, or security bars
2. *Inspect* fences or gates or operate automated door or gate openers or their safety devices
3. Use a ladder to *inspect systems* or *components*

SECTION 3 - Roof Covering

A. Items to be *inspected*:

1. Covering
2. Drainage
3. Flashings
4. Penetrations
5. Skylights

Client Initial: _____

B. The *inspector* is not required to:

1. Walk on the roof surface if in the opinion of the *Inspector* there is risk of damage or a *hazard* to the *Inspector*
2. Warrant or certify that roof *systems*, coverings, or *components* are free from leakage

SECTION 4 - Attic Areas and Roof Framing

A. Items to be *inspected*:

1. Framing
2. Ventilation
3. Insulation

B. The *inspector* is not required to:

1. *Inspect* mechanical attic ventilation *systems* or *components*
2. *Determine* the composition or energy rating of insulation materials

SECTION 5 - Plumbing

A. Items to be *inspected*:

1. Water supply piping
2. Drain, waste, and vent piping
3. Faucets and *fixtures*
4. Fuel gas piping
5. Water heaters
6. *Functional flow* and *functional drainage*

B. The *inspector* is not required to:

1. Fill any fixture with water, *inspect* overflow drains or drain-stops, or evaluate backflow *devices*, waste ejectors, sump pumps, or drain line cleanouts
2. *Inspect* or evaluate water temperature balancing *devices*, temperature fluctuation, time to obtain hot water, water circulation, or solar heating *systems* or *components*
3. *Inspect* whirlpool baths, steam showers, or sauna *systems* or *components*
4. *Inspect* fuel tanks or *determine* if the fuel gas *system* is free of leaks
5. *Inspect* wells or water treatment *systems*

SECTION 6 - Electrical

A. Items to be *inspected*:

1. Service equipment
2. Electrical panels
3. Circuit wiring
4. Switches, receptacles, outlets, and lighting *fixtures*

B. The *inspector* is not required to:

1. *Operate* circuit breakers or circuit interrupters
2. Remove cover plates
3. *Inspect* de-icing *systems* or *components*
4. *Inspect* private or emergency electrical supply *systems* or *components*

SECTION 7 - Heating and Cooling

A. Items to be *inspected*:

1. Heating equipment
2. Central cooling equipment
3. Energy source and connections
4. Combustion air and exhaust vent *systems*
5. Condensate drainage
6. Conditioned air distribution *systems*

B. The *inspector* is not required to:

1. *Inspect* heat exchangers or electric heating elements
2. *Inspect* non-central air conditioning units or evaporative coolers
3. *Inspect* radiant, solar, hydronic, or geothermal *systems* or *components*
4. *Determine* volume, uniformity, temperature, airflow, balance, or leakage of any air distribution *system*
5. *Inspect* electronic air filtering or humidity control *systems* or *components*

SECTION 8 - Fireplaces and Chimneys

A. Items to be *inspected*:

1. Chimney exterior
2. Spark arrestor
3. Firebox
4. Damper
5. Hearth extension

B. The *inspector* is not required to:

1. *Inspect* chimney interiors
2. *Inspect* fireplace inserts, seals, or gaskets
3. *Operate* any fireplace or *determine* if a fireplace can be safely used

SECTION 9 - Building Interior

A. Items to be *inspected*:

1. Walls, ceilings, and floors
2. Doors and windows
3. Stairways, handrails, and guardrails
4. *Permanently installed* cabinets
5. *Permanently installed* cook-tops, mechanical range vents, ovens, dishwashers, and food waste disposers
6. Absence of smoke alarms
7. Vehicle doors and openers

B. The *inspector* is not required to:

1. *Inspect* window, door, or floor coverings
2. *Determine* whether a *building* is secure from unauthorized entry
3. *Operate* or test smoke alarms or vehicle door safety *devices*
4. Use a ladder to *inspect systems* or *components*

Part 111. Limitations, Exceptions, and Exclusions

A. The following are excluded from a *real estate inspection*:

1. *Systems* or *components* of a *building*, or portions thereof, which are not *readily accessible*, not *permanently installed*, or not *inspected* due to circumstances beyond the control of the *Inspector* or which the Client has agreed or specified are not to be *inspected*
2. Site improvements or amenities, including, but not limited to; accessory buildings, fences, planters, landscaping, irrigation, swimming pools, spas, ponds, waterfalls, fountains or their *components* or *accessories*
3. Auxiliary features of *appliances* beyond the *appliance's* basic *function*
4. *Systems* or *components*, or portions thereof, which are under ground, under water, or where the *Inspector* must come into contact with water
5. Common areas as defined in California Civil Code section 1351, et seq., and any dwelling unit *systems* or *components* located in common areas
6. *Determining* compliance with manufacturers' installation guidelines or specifications, building codes, accessibility standards, conservation or energy standards, regulations, ordinances, covenants, or other restrictions
7. *Determining* adequacy, efficiency, suitability, quality, age, or remaining life of any *building*, *system*, or *component*, or marketability or advisability of purchase
8. Structural, architectural, geological, environmental, hydrological, land surveying, or soils-related examinations
9. Acoustical or other nuisance characteristics of any *system* or *component* of a *building*, complex, adjoining property, or neighborhood
10. Conditions related to animals, insects, or other organisms, including fungus and mold, and any hazardous, illegal, or controlled substance, or the damage or health risks arising there from
11. Risks associated with events or conditions of nature including, but not limited to; geological, seismic, wildfire, and flood
12. Water testing any *building*, *system*, or *component* or *determine* leakage in shower pans, pools, spas, or any body of water
13. *Determining* the integrity of hermetic seals at multi-pane glazing
14. Differentiating between original construction or subsequent additions or modifications
15. Reviewing information from any third-party, including but not limited to; product defects, recalls, or similar notices
16. Specifying repairs/replacement procedures or estimating cost to correct
17. Communication, computer, security, or low-voltage *systems* and remote, timer, sensor, or similarly controlled *systems* or *components*

18. Fire extinguishing and suppression *systems* and *components* or *determining* fire resistive qualities of materials or assemblies

19. Elevators, lifts, and dumbwaiters

20. Lighting pilot lights or activating or operating any *system*, *component*, or *appliance* that is *shut down*, unsafe to *operate*, or does not respond to *normal user controls*

21. *Operating* shutoff valves or *shutting down* any *system* or *component*

22. Dismantling any *system*, structure, or *component* or removing access panels other than those provided for homeowner maintenance

B. The *Inspector* may, at his or her discretion:

1. *Inspect* any *building*, *system*, *component*, *appliance*, or improvement not included or otherwise excluded by these Standards of Practice. Any such *inspection* shall comply with all other provisions of these Standards.

2. Include photographs in the written report or take photographs for *Inspector's* reference without inclusion in the written report. Photographs may not be used in lieu of written documentation.

Part IV. Glossary of Terms

Note: All definitions apply to derivatives of these terms when *italicized* in the text.
Appliance: An item such as an oven, dishwasher, heater, etc. which performs a specific *function*

Building: The subject of the *inspection* and its *primary parking structure*

Component: A part of a *system*, *appliance*, *fixture*, or *device*

Condition: Conspicuous state of being

Determine: Arrive at an opinion or conclusion pursuant to a *real estate inspection*

Device: A *component* designed to perform a particular task or *function*

Fixture: A plumbing or electrical *component* with a fixed position and *function*

Function : The normal and characteristic purpose or action of a *system*, *component*, or *device*

Functional Drainage: The ability to empty a plumbing *fixture* in a reasonable time

Functional Flow: The flow of the water supply at the highest and farthest *fixture* from the *building* supply shutoff valve when another *fixture* is used simultaneously

Inspect: Refer to Part I, "Definitions and Scope", Paragraph A

Inspector: One who performs a *real estate inspection*

Normal User Control: Switch or other *device* that activates a *system* or *component* and is provided for use by an occupant of a *building*

Operate: Cause a *system*, *appliance*, *fixture*, or *device* to *function* using *normal user controls*

Permanently Installed: Fixed in place, e.g. screwed, bolted, nailed, or glued

Primary Building : A *building* that an *Inspector* has agreed to *inspect*

Primary Parking structure: A *building* for the purpose of vehicle storage associated with the *primary building*

Readily Accessible: Can be reached, entered, or viewed without difficulty, moving obstructions or requiring any action which may harm persons or property

Real Estate Inspection: Refer to Part I, "Definitions and Scope", Paragraph A

Representative Number: Example, an average of one *component* per area for multiple similar *components* such as windows, doors, and electrical outlets

Safety Hazard: A *condition* that could result in significant physical injury

Shut Down: Disconnected or turned off in a way so as not to respond to *normal user controls*

System: An assemblage of various *components* designed to *function* as a whole

Technically Exhaustive: Examination beyond the scope of a *real estate inspection*, which may require disassembly, specialized knowledge, special equipment, measuring, calculating, quantifying, testing, exploratory probing, research, or analysis

Client acknowledges having read and understood the CREIA Standards of Practice and understands that the inspection is to be performed in accordance with these Standards

Client: _____ Date: _____

Inspector: _____ Date: _____

ADDENDUM TO REAL ESTATE INSPECTION AGREEMENT

THIS IS A LEGALLY BINDING CONTRACT - PLEASE READ IT CAREFULLY

Client: _____ Time and Date: _____

Address: _____ Fee: _____

ACTIVATION OF UTILITIES AND CANCELLATION NOTICE

ACTIVATION OF UTILITIES: For your inspector to be able to properly test all the home's systems and components, all the utilities will need to be turned on for the home inspection. In homes that are vacant, the utilities are often not turned on, and this is especially true with bank-owned properties or homes in foreclosure. Client agrees and understands that it is ultimately his/her responsibility to ensure that the gas, water, and electricity will be activated at the time of the home inspection. Unless damage or danger may result, all water and gas valves should be open, and all gas pilot lights should be lit. Unless damage or danger may result, all electrical breakers and circuits should be activated. If the utilities are not activated, client has the option of having the inspector proceed with a "limited" inspection, or to cancel and reschedule once the utilities have been activated. If client is not present at the time of the inspection, the inspection will proceed as scheduled.

CANCELLATION NOTICE: If the utilities or any of their components cannot be activated in time for the inspection, or for any other reason whatsoever, foreseeable or unforeseeable, client may cancel the inspection at least 18 hours in advance of the inspection. If, for any reason whatsoever, client fails to cancel the inspection at least 18 hours in advance of the inspection time and date listed above, and the inspector is then instructed by the client and/or his/her agent(s) or legal representative(s) not to proceed with the inspection at the scheduled time above, client agrees to pay a fee equal to 50% of the original inspection fee listed above.

If any or all of the utilities or their components are not activated and client and/or his/her agent(s) or legal representative(s) wish to proceed with the inspection as scheduled, client understands that the inspector will not return to the property at a later date for any further inspections, nor issue any additional written inspection reports, unless later agreed upon in writing and for an additional fee (typically equal to 50% of the original inspection fee listed above).

To cancel a scheduled inspection, please call Martin at 805-471-9447. To cancel by email, please email a cancellation notice to camelothis@charter.net. To cancel an inspection in writing by fax, please send the fax to 805-528-7600.

By signing below, Client acknowledges having read and understood all the terms and conditions of this addendum to the Real Estate Inspection Agreement and voluntarily agrees to be bound thereby.

Client: _____ Date: _____

Client: _____ Date: _____

Inspector: _____ Date: _____