

ADVISORY TO BUYER REGARDING DUE DILIGENCE

1 This Advisory to Buyer Regarding Due Diligence (this "Due Diligence Advisory") provides an overview of things buyers need to be aware of regarding
2 due diligence when purchasing a property.

3 **1. DUE DILIGENCE:** Due diligence is the process a buyer undertakes to investigate and evaluate a property in order to decide whether it is suitable
4 for their intended use. This process can cover many areas, such as home inspections, structural conditions, the presence of hazardous materials,
5 land use, title issues, environmental risks, engineering reports, surveys, financing, taxes, permits, zoning, property line locations, code compliance,
6 and square footage. Since due diligence provides the opportunity to examine anything that could be important to the decision to move forward, buyers
7 should hire qualified experts to conduct inspections that are important to them and consider making their purchase contingent on being satisfied with
8 the results.

9 **2. QUALIFIED PROFESSIONALS:** Real estate agents are not qualified to conduct inspections, tests, or other aspects of due diligence, and they
10 cannot provide professional advice on these matters. Buyers are responsible for investigating the property and should use qualified, licensed
11 professionals when needed. While a real estate agent may provide names or resources for inspectors or other service providers, the real estate agent
12 does not guarantee the quality of their work or the outcome of their services. Buyers are encouraged to perform their own due diligence when selecting
13 professionals, making sure they are properly licensed, bonded, and insured.

14 **3. INSPECTIONS:** Inspections conducted as part of a buyer's due diligence may vary based on the type and age of the property. The list below
15 highlights some of the most common inspection types used in real estate, but it is not complete list of all available inspections. Buyers are encouraged
16 to consult with their general home inspector or other qualified professionals to determine what additional inspections may be appropriate for their
17 situation.

18 (a) General Home Inspection: An evaluation of a property's overall condition, covering major systems and structural components to identify
19 visible defects and safety concerns.

20 (b) Systems: A more thorough evaluation of a property's key systems, such as electrical, heating/cooling, plumbing, septic, and sewage lines.

21 (c) Environmental: Evaluates a property for potential health and safety risks such as asbestos, radon, mold, carbon monoxide, lead-based
22 paint, contaminated water, soil conditions, and other hazardous substances.

23 (d) Exterior: Evaluates the condition of outside features such as the roof, chimney, underground sprinklers, well, and underground storage
24 tanks to identify potential issues and maintenance needs.

25 (e) Structural/Engineering: An assessment of a property's foundation, framing, retaining walls, and other structural components to identify
26 stability, safety, and design concerns.

27 (f) Land Survey: Confirms property boundaries, easements, and lot dimensions, helping ensure accuracy of property lines and identifying any
28 encroachments or boundary issues.

29 (g) Wood-Destroying Pests and Organisms/Dry Rot: Checks for termites, beetles, dry rot, and other conditions that can damage a property's
30 wood structures.

31 **4. SUITABILITY:** Suitability refers to whether the property is appropriate for the buyer's financial capacity, intended use, lifestyle requirements, and
32 long-term objectives. Buyers are encouraged to carefully evaluate these factors and seek professional advice if needed to make an informed decision.
33 The list below highlights some common suitability items in real estate.

34 (a) Financial Issues: Insurance costs and availability, association dues, property taxes and assessments, utility costs, and other financial
35 considerations.

36 (b) Neighborhood Specifics: School district boundaries, traffic patterns, noise pollution sources, proximity to amenities, and crime information.

37 (c) Restrictions: Covenants, Conditions, and Restrictions (CC&Rs), easements, zoning, and other use limitations.

38 **5. ACKNOWLEDGMENT:** The undersigned acknowledge they have:

39 (a) read this Due Diligence Advisory;

40 (b) have received a copy for their files; and

41 (c) understand it is advisable to complete thorough due diligence and have inspections conducted by qualified licensed professionals.

Buyer Initials _____ / _____ / _____ / _____

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SIGNATURES

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SAMPLE

LINES WITH THIS SYMBOL ← REQUIRE A SIGNATURE AND DATE