

INSPECTION AGREEMENT

THIS IS A LEGALLY BINDING DOCUMENT PLEASE READ IT CAREFULLY

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 (CREIA®), attached hereto and incorporated herein by reference, and is limited to those items specified herein.

CLIENT'S 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 affect 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, PCBs, 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.

CONFIDENTIAL REPORT: The inspection report to be prepared for Client is solely and exclusively for Client's own information and may not be relied upon by any other person. Client agrees to maintain the confidentiality of the inspection report and agrees not to disclose any part of it to any other person. Client may distribute copies of the inspection report to the seller (or buyer) and the real estate agents directly involved in this transaction, but Client and Inspector do not in any way intend to benefit said seller(or buyer) or the real estate agents directly or indirectly through this Agreement or the inspection report. **CLIENT AGREES TO INDEMNIFY, DEFEND AND HOLD INSPECTOR HARMLESS FROM ANY THIRD PARTY CLAIMS ARISING OUT OF CLIENT'S UNAUTHORIZED DISTRIBUTION OF THE INSPECTION REPORT.**

LIMITED LIABILITY: Client agrees to hold harmless Inspector for liability related to this inspection in excess of four (4) times the contract amount. Any dispute, controversy, interpretation or claim for, but not limited to, breach of contract, any form of negligence, fraud or misrepresentation arising out of, from or related to this contract or arising out of, from, or related to the inspection and inspection report and found in favor of the Client, the Inspector's liability shall be limited to four (4) times the amount of the inspection fee.

CLIENT: _____

ADDRESS: _____

PHONE: _____

EMAIL: _____

GENERAL PROVISIONS: 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. This 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 this 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 concerning the interpretation or enforcement of this Agreement, the inspection, the inspection report, or any other dispute arising out of this relationship, shall be resolved between the parties by binding arbitration conducted in accordance with California Law, except that the parties shall select an arbitrator who is familiar with the real estate profession. The parties agree that they shall be entitled to discovery procedures within the discretion of the arbitrator. The arbitrator shall manage and hear the case applying the laws of the State of California to all issues submitted in the arbitration proceeding. The award of the arbitrator shall be final, and a judgment may be entered on it by any court having jurisdiction. Any disputes are to be arbitrated by Judicial Arbitration and Mediation Service (JAMS®)

Client acknowledges that they have read and understood all the terms, conditions and limitations of this contract and voluntarily agrees to be bound thereby and agrees to pay the fee listed below at the time of the inspection. Client further authorizes distribution of the inspection report to the recipients listed subject the above confidentiality clause.

INSPECTION FEE: \$ _____
PAYMENT DUE AT TIME OF INSPECTION _____ Hard Copy (Add \$20)

Client : _____ **Date:** _____

Inspector:  _____ **Date:** _____

I authorize access to the report for the following individual(s):

Name: _____

Name: _____

EMAIL: _____

RESIDENTIAL STANDARDS OF PRACTICE

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, enclosures, balconies, and stairways
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

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 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 III. 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.

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, "Definition 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