

STANDARD COMMERCIAL INSPECTION AGREEMENT

THIS IS A LEGALLY BINDING CONTRACT, PLEASE READ IT CAREFULLY

1. The inspection to be performed for Client consists of non-intrusive visual observations to survey the readily accessible, easily visible material components, systems and equipment of the building. The inspection is designed to identify material physical deficiencies in the building's components, systems and equipment, as they exist at the time of the inspection. The work product resulting from completing an inspection in accordance with this contract is an inspection report. The inspection report incorporates the information obtained during the inspection. The inspection report is for the sole use and benefit of Client. Client agrees to read the entire inspection report when it is received and shall promptly call the Inspector with any questions or concerns Client may have regarding the inspection report or the inspection. The inspection report shall be considered the final and exclusive findings of the Inspector regarding the inspection of the building. Client shall not rely on any oral statements made by the Inspector prior to issuance of the inspection report.
2. Components and systems operated during the inspection will be identified in the inspection report. The identified components and systems shall be operated with normal user controls only and as conditions permit. If a component or system is operated, it may be conducted without the aid of special protective clothing, exploratory probing, removing materials, testing, measuring, preparing calculations or using special equipment, including meters or devices of any kind. Testing, measuring, or preparing calculations for any system or component to determine adequacy, capacity, or compliance with any standard is outside the scope of this contract.
3. The term material physical deficiencies means the presence of conspicuous patent defects or material deferred maintenance of the building's material systems, components, or building equipment as observed during the inspection. This definition specifically excludes deficiencies that may be remedied with routine maintenance, miscellaneous minor repairs, and normal operating maintenance, and excludes conditions that generally do not present material physical deficiencies of the building.
4. Inspector is an expert generalist and not acting as an expert in any SPECIFIC craft or trade. The inspector may make recommendations for further evaluation by an individual(s) who is an expert or specialist IN ONE OR MORE SPECIFIC BUILDING COMPONENTS OR SYSTEMS.
5. The inspection is not technically exhaustive. The cost of obtaining information or the time required to conduct a technically exhaustive inspection and prepare the inspection report could outweigh the usefulness of the information and could be detrimental to the orderly and timely completion of Client's transaction.
6. No inspection can wholly eliminate the uncertainty regarding the presence of physical deficiencies and the performance of the building's systems. Preparation of an inspection report in accordance with this contract is intended to reduce, but not eliminate, the uncertainty regarding the potential for component or system failure and to reduce the potential that such component or system may not be initially observed. Client recognizes the inherent subjective nature of the inspector's opinions as to issues such as workmanship, quality of original installation, and estimating the remaining useful life of any given component or system. The inspector's opinions generally are formed without detailed knowledge from those specifically familiar with the component's or system's performance.
7. The inspection report will contain a representative indication of the property condition at the time of the inspection and is dependent on the information available to the inspector at that time.
8. It is Client's duty and obligation to exercise reasonable care to protect himself or herself regarding the condition of the building, including those facts that are known to or within the diligent attention and observation of Client.

LIMITATIONS, EXCEPTIONS AND EXCLUSIONS: Excluded from this inspection is any system, structure or component of the building that is inaccessible, concealed from view, or cannot be inspected due to circumstances beyond the control of the Inspector, or which Client has agreed is not to be inspected. Unless specifically agreed upon otherwise between the Inspector and Client, the following are excluded from the inspection:

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| <i>A. Building code or zoning ordinance violations.</i> | <i>scope of the inspection.</i> |
| <i>B. Geological stability or soils conditions or structural stability or engineering analysis.</i> | <i>J. Thermostatic, motion and time clock controls.</i> |
| <i>C. All wood-destroying organism.</i> | <i>K. Permits or public records research.</i> |
| <i>D. Interior partition walls; tenant improvements and non-building equipment.</i> | <i>L. Fire and life safety systems.</i> |
| <i>E. Americans With Disabilities Act inspections.</i> | <i>M. Elevators or lifts.</i> |
| <i>F. Water testing for roof, wall or window leaks. Concealed roofing membrane integrity.</i> | <i>N. Building security and security systems.</i> |
| <i>G. Concealed floor cracks and all underground components.</i> | <i>O. Installation guidelines and manufacturer's specifications.</i> |
| <i>H. Product recalls or other such notices.</i> | <i>P. Examination of conditions related to animals, rodents, insects, wood-destroying insects, organisms, mold, and mildew or the damage caused thereby.</i> |
| <i>I. Specific components noted in the inspection report as being beyond the</i> | <i>Q. Personal property.</i> |
| | <i>R. Removing equipment or component covers, panels or plates.</i> |

Services for inspecting or evaluating the excluded items listed above may be available from Inspector for an additional fee or from specialists qualified to inspect or evaluate a particular category or item.



THIS FORM HAS BEEN APPROVED BY THE CALIFORNIA REAL ESTATE INSPECTION ASSOCIATION (CREIASM). NO REPRESENTATION IS MADE AS TO THE LEGAL VALIDITY OR ADEQUACY OF ANY PROVISION IN ANY SPECIFIC TRANSACTION. IF YOU DESIRE LEGAL ADVICE, CONSULT AN APPROPRIATE PROFESSIONAL. USE OF THIS FORM DOES NOT GUARANTEE THAT THE USER IS A QUALIFIED INSPECTOR MEMBER OF CREIA. TO LOCATE A QUALIFIED CREIA INSPECTOR CALL 800/388-8443 OR WWW.CREIA.ORG © 2001-2004 CREIASM All Rights Reserved. CREIA IS A PUBLIC-BENEFIT, NONPROFIT ORGANIZATION.

CONTRACT INCLUDES 3 PAGES

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ENVIRONMENTAL CONCERNS: Client acknowledges that what is being contracted for is a building inspection and not an environmental evaluation and the inspection is not intended to detect, identify or disclose any health or environmental concerns regarding this building or property, including, but not limited to, the presence of asbestos, radon, lead, urea-formaldehyde, fungi, mold, mildew, PCBs, or other toxic materials or substances in the water, air, soil or building materials.

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 other persons directly involved in this transaction, but Client and Inspector do not in any way intend to benefit said other persons directly or indirectly through this Contract, the inspection 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.

LIQUIDATED DAMAGES: IT IS UNDERSTOOD AND AGREED BY AND BETWEEN THE PARTIES HERETO THAT THE INSPECTOR/INSPECTION COMPANY IS NOT AN INSURER, THAT THE PAYMENT FOR THE SUBJECT INSPECTION IS BASED SOLELY ON THE VALUE OF THE SERVICES PROVIDED BY INSPECTOR/INSPECTION COMPANY IN THE PERFORMANCE OF THE INSPECTION AND PRODUCTION OF THE INSPECTION REPORT AS DESCRIBED HEREIN, THAT IT IS IMPRACTICABLE AND EXTREMELY DIFFICULT TO FIX THE ACTUAL DAMAGES, IF ANY, WHICH MAY RESULT FROM A FAILURE TO PERFORM SUCH SERVICES, AND IN CASE OF FAILURE TO PERFORM SUCH SERVICES AND A RESULTING LOSS, CLIENT'S DAMAGES HEREIN SHALL BE LIQUIDATED AND FIXED IN AN AMOUNT EQUAL TO THE INSPECTION FEE PAID MULTIPLIED BY ONE HUNDRED TWENTY-FIVE PERCENT (125%) AS LIQUIDATED DAMAGES AND NOT AS A PENALTY, AND THIS REMEDY SHALL BE EXCLUSIVE.

GENERAL PROVISIONS:

- A. This inspection contract, the inspection, and the inspection report do not constitute a warranty, guarantee, or insurance policy of any kind whatsoever.
- B. 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 the 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 legal action or proceeding exceed two years from the date of the subject inspection. **THIS TIME PERIOD IS SHORTER THAN OTHERWISE PROVIDED BY LAW.**
- C. In the event Client discovers a material physical deficiency in a component, system or equipment of the building that was not identified and reported by Inspector, Client shall so notify Inspector in writing and allow Inspector and/or Inspector's designated representative to re-inspect and document the condition(s) of the material physical deficiency prior to making any repair, alteration, or replacement to said physical deficiency.
- D. Should any provision of this contract be held by a court of competent jurisdiction to be either invalid or unenforceable, the remaining provisions of this contract shall remain in full force and effect, unimpaired by the court's holding.
- E. This contract shall be binding upon and inure to the benefit of only the undersigned parties and their heirs, successors and assigns.
- F. This contract 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 contract.
- G. Each party signing this contract warrants and represents that he/she has the full capacity and authority to execute this contract on behalf of the named party whether it is a corporation, partnership or other entity. If this contract is executed on behalf of Client by a third party, the person executing this contract expressly represents to Inspector that he/she has the full and complete authority to execute this contract on Client's behalf and to fully and completely bind Client to all of the terms, conditions, limitations, exceptions and exclusions of this contract.

ADDITIONAL SERVICES:

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ADDITIONAL EXCLUSIONS:

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Report #: _____

Client: _____

Address: _____

City: _____

State: _____

Zip: _____

INSPECTION FEE: _____
FEE: _____
TOTAL FEE: _____

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 above.

Client: _____ Date: _____

Client: _____ Date: _____

Inspector: _____ Date: _____

