



## ADDENDUM TO RESIDENTIAL PURCHASE AGREEMENT

THIS IS INTENDED TO BE A LEGALLY BINDING DOCUMENT -READ IT CAREFULLY  
(This addendum is intended for use with properties located in the Inland Empire & Adjacent Valley's)

The following terms and conditions are hereby incorporated in, and made part of the Residential Purchase Agreement and Receipt for Deposit, dated \_\_\_\_\_, on the property known as: \_\_\_\_\_ in which is referred to as: Buyer \_\_\_\_\_ and \_\_\_\_\_ is referred to as Seller.

- 1 **Permits:** Broker(s) make no representation that any or all additions or modifications to subject property have been made with permits and have certificates of occupancy (C of O's). Broker(s) make no representation that the property is or is not built to code. Should subject property have additions and/or modifications built without permits and/or C of O's, they may not have been done to code or may not be permitted for current usage. If discovered by a governmental agency, Buyer understands said agency may require improvements to be brought up to code or to be removed. It shall be the responsibility of the Buyer to investigate these matters in conjunction with Buyer's physical investigation contingency period, And Satisfy themselves as to the condition or none existence of any and all permits and certificates of occupancy.
- 2 **Roof Inspections:** Buyer herein acknowledges that Broker(s) are not licensed roofers. Roofs may leak for various reasons, including, but not limited to, damage, age, disrepair, wind, rain, sun, and other elements, improper maintenance or construction. Buyer is advised to obtain a professional roof inspection, at Buyer's expense, in conjunction with Buyer's physical investigation contingency period.
- 3 **Airport Noise:** Buyer is aware of the existence and proximity of the Ontario Airport to the subject property. Buyer is aware that airport noise exists throughout much of the Inland Empire.
- 4 **Schools:** Buyer is aware that although the subject property might be located in a certain school district, or might usually be served by a particular school, because of various factors, including, but not limited to class sizes reductions, the school actually serving the subject property might not be determined until the time of enrollment. Broker(s) strongly urge Buyer to make an independent investigation of this matter.
- 5 **Future Development, Land Use, Neighborhood Conditions:** Buyer is aware that the property may be affected by future development of property in the neighborhood or surrounding areas, that the property may be subject to building and development restrictions and conditions, including without limitation, limitations on hillside development and alteration of hillside properties, and agrees to investigate such restrictions and conditions with appropriate government agencies. As a part of the inspection conducted by Buyer, Buyer agrees to fully investigate neighborhood and other conditions affecting the property including, without limitation, whether or not the property may be designated a historical landmark or may be located in a specified protected historical conservancy area which could place limitations and restrictions on the potential remodeling or development of the property, the proximity of hospitals and fire protection services, and any other conditions which may affect the use or enjoyment of the property by Buyer. Buyer agrees that Seller and Broker(s) make no representation as to the preservation of existing/future views, and the present/future views may be affected by future development/construction/alteration of neighboring property, the growth of trees, shrubs, vegetation and other impairments. Buyer is also advised that the traffic in the neighborhood may be heavier during commute hours especially on streets considered "cut through" streets. It is recommended that Buyer thoroughly investigate and familiarize himself or herself with the traffic patterns in the area, as well as the noise generated by such traffic. Buyer is advised to consult with appropriate government agencies and shall rely solely upon buyer's own investigation to determine neighborhood conditions, future development or planning and its potential impact on the property.
- 6 **Waste Disposal System:** Buyer and Seller are aware that Broker(s) makes no implied or express warranty as to the existence and/or condition of the waste disposal system for the subject property. Buyer and Seller are further advised that the existence of a Sewer Permit does not guarantee that the property is connected to a sewer. Buyer is advised to make own independent investigation as to the type and adequacy of the waste disposal system at subject property.
- 7 **Geological, Soil and Drainage Inspection:** Broker(s) strongly recommends Buyer have a licensed geologist/soils expert inspect the subject property within the time frame indicated on the original deposit receipt and purchase contract, particularly because of Southern California's known expansive soil conditions. Buyer acknowledges many properties located in Southern California are susceptible to settling, slippage, earthquake, and movement which may cause damage and subject property may be constructed on filled or improperly compacted soil, and may be subject to inadequate drainage, underground water or other such conditions.

Buyer also acknowledges abandoned and active oil and gas fields and toxic waste sites are located throughout Southern California and may be located at or in the vicinity of subject property. Buyer shall rely on his own independent investigation and inspection of the geological, soil, and drainage condition of the property, and not upon any representations of the Seller or Broker(s) in this regard. Broker(s) are in no way recommending Buyer waive the geological inspection of the property, especially in hillside areas, as Broker(s) believe such an inspection is critical in determining the geological soils condition of subject property.

- 8 **Loan Modification (Short Payoff):** If applicable, this agreement is contingent upon Seller's receipt of written agreement from existing lender(s) within 60 days from date herein, to reduce it's/their loan balance(s) (i.e. to accept a "short Payoff") by an amount sufficient to permit the proceeds from the sale of the Property (without additional funds from Seller) to pay the existing loans, brokerage commission and Seller's closing costs, expenses, proration's, liens, and other obligations required by this agreement. If no agreement is obtained within said time, this agreement shall be terminated, unless the parties mutually agree to extend the time for obtaining such agreement. Unless and until said acceptance by lender is received in writing by Seller, Buyer acknowledges that the Seller may keep the property on the market for sale. If subsequent offers are received, Seller may submit such offers to the lender for review and possible approval. Seller is advised to seek advice from an accountant/attorney regarding possible tax" and credit consequences.
- 9 **Purchase or Sale by One Spouse:** If one spouse is purchasing or selling property as his or her sole and separate property, the other spouse shall sign appropriate documentation within ten (10) calendar days of execution of this Agreement, or the other party to the transaction shall have the right to cancel this transaction at his/her sole discretion with written notification to Escrow Holder.
- 10 **Information from Lender:** Listing agent is authorized to contact Buyer's lender directly regarding progress of loan application. Selling agent will provide listing agent with name and telephone number of lender.
- 11 **California Fair Plan Insurance:** Buyer is aware certain hillside and brush area properties may require California Fair Plan Insurance Coverage. Buyer should allow approximately 4 weeks for processing of this insurance application.
- 12 **Home Protection Plans:** Buyer is aware that the standard Buyer's Home Protection Plan generally does not include coverage for central A/C, pool, spa, or roof, it is recommended that the parties specify exactly what coverage is being included if the purchase of a policy is part of the sale. Buyer understands that there are differences between the various companies as to the extent of coverage provided. Buyer and Seller acknowledge that although Broker(s) may provide names and supply literature on the availability of these plans, the selection of the individual plan is at the sole discretion of Buyer and Seller. Buyer and Seller are advised to make their own investigation as to the exact coverage and what limitations and exclusions individual policies contain.
- 13 **Value:** Buyer and Seller acknowledge and agree that while Broker(s) provide information regarding comparable properties to the subject property; the value of the property is subjective and Broker(s) cannot guarantee the current market value of the subject property. Further, Broker(s) make no representation of any kind as to the future value of said property.
- 14 **Escrow Process Complexity:** Even though out deposit receipts are written with a specific closing date shown, the complexity of the real estate transaction today often causes extensions of the expected closing date, there are between 50 and 656 separate events, some of which are contingent upon action of people with no direct obligation to act promptly. Our agent will diligently try to keep you informed about each step in your transaction. However, many events are beyond our control and out of our contact loop. We simply cannot tell if a problem exists until an event is completed or not completed on time. We recommend that you not make any hasty decisions or firm contracts regarding moving, leases, purchases jobs or anything else that could be an extension of time in close your escrow. On the positive side, when all parties act promptly on all contingencies and return all documents as soon as possible, the escrow has a better chance of closing on time. We recommend that you plan cautiously, but remain optimistic. Most transactions where a seller wants to sell and a buyer wants to buy close on or about the contracted closing date. It is always advisable to stay in touch with your escrow officer and our agent to stay as up to date as possible.
- 15 **Selection of Service Providers:** All parties are aware that Broker(s) have a business relationship and financial interest with Peak Finance Company, and Escrow Hub Division. Buyer and Seller are not obligated to use said service(s) as a condition of the purchase and sale of the subject property.
- 16 **Broker(s) Responsibilities:** Buyer and Seller acknowledge and agree Broker(s) are not responsible for Buyer's and Seller's performance of the terms and conditions contained in this purchase agreement, including all addenda, and Broker(s) are not responsible for, and makes no warranties as to the condition of the property.
- 17 **Property Lines and Square Footage:** Most descriptions of square footage and lot size come from the County's tax data, title company records, property owners, or third-party suppliers. The numbers reported by these sources are not always reliable and can conflict with one another. In fact, in some cases the County tax assessor's own data shows conflicting information. The numbers are often based upon inaccurate or incomplete information. The numbers that appear in the Multiple

Listing Service, advertisement, flyers and internet posting come from these sources and so should be considered approximations only. Hedges, fences and other barriers often do not mark the true boundary lines of the property. Only an appraiser or surveyor, as applicable, can reliably determine square footage, room size, lot size property corners, lot dimensions, and the exact boundaries of a property. Real estate brokers cannot make these determinations. Century 21 Peak recommends that you hire appropriate expert to make these determinations. Buyer must retain the services of expert to inspect the property during the inspection period that is specified in the purchase agreement. Any waiver of failure on the part of Buyer to complete and obtain all appropriate inspections, including those for reliable property measurements, is against the advice of Century 21 Peak.

- 18 **Masonry:** Broker(s) make no representations as to the stability and/or structural conditions of fireplace(s), fireplace chimneys, and/or block walls, on or adjacent to, the subject property. Buyer is advised to conduct their own physical inspection to determine exact condition of same.
- 19 **Physical Inspection:** This inspection may reveal conditions that are not known to the Seller or to the Listing and Selling Brokers. This is a visual inspection of reasonably accessible areas. The inspector does not look inside walls or under carpets or take equipment or appliances apart. However, a professional inspector is trained to seek out certain conditions that may reveal aspects of the physical condition of the property not recognized by the untrained eye. As such, the Buyer is urged to have a competent professional perform a physical inspection and write a report. Listing and Selling Brokers further urge the Buyer to avoid having a friend or relative who happens to be a "Handy Man" do the inspection rather than using a professional. Buyer: is aware that the homes built or remodeled from 1985 Through 1990 may contain defective ABS Plastic Drain, Waste and Vent Pipe that is subject to failure. If this inspection is ordered, Buyer is urged to have the inspector to determine if ABS Plastic Pipe is present.
- 20 **Pool Inspection:** This inspection and report may reveal the condition of the pool and spa, as well as the plumbing, pump, electrical, and any other systems connected thereto. Such inspection will state the current conditions of these items but may not indicate the remaining useful life of such items and related systems.
- 21 **Well and Septic Inspection:** The Well system, Well water, and septic inspections will verify whether the property is connected to a Well and/or a septic system or connected to a public sewer system; whether a Well system or a septic system or any portion thereof have been abandoned; or whether the Well water satisfies the buyers intended use. Listing and Selling Brokers have not verified this information regarding the Well system, the Well water and the septic system or the conditions thereof. Listing and Selling Brokers strongly urge the Buyer to retain a competent professional to conduct Well system, Well water, and septic inspections to verify such information about the conditions of the Well system, Well water, and septic system, or the sewer system and to write reports.
- 22 **Mold/Fungus Addendum to Buyers Inspection Advisory:** Buyer is advised that the presence of certain kinds of molds, funguses, or other organisms may adversely affect the property and the health of some individuals. Toxic mold found in the home is often the result of moisture invasion or water leakage inside the home. Buyer is advised to have property inspected for the existence of such organisms or conditions deemed likely to lead to their formation during Buyer's physical inspection contingency period. Real estate brokers and agents are not trained to identify or locate mold; funguses or other organisms: The real estate brokers and agents have not made any representation, express or implied, as to the existence or non-existence of mold, funguses, or other organisms in or on the subject property. The statements of the seller and/or others concerning mold, funguses, or other organisms have not and will not be verified by the real estate brokers and/or agents. I acknowledge receipt of a copy of this addendum. I will independently decide whether I will have an environmental inspection of the subject property by a qualified individual or entity.
- 23 **Furnace Defect Disclosure:** The U.S. Consumer Product Safety Commission (CPSC) has issued a warning regarding certain gas • fired horizontal forced-air furnaces that present a substantial risk of fire. The furnaces in question were manufactured from 1983 through 1994 by Consolidated Industries (formerly Premier Furnace Company) and were marketed under many different brand names. Homes built before 1983 or after 1994 may still have the furnaces in question due to replacement or remodeling. It is highly recommended that you have the furnace inspected by a licensed professional to determine if the furnace is defective and or dangerous. Local gas companies will inspect furnaces at no charge, if requested and scheduled. If they find the furnace to be one of these models in question, they will indicate that it should not be used. They will not issue a written report; this is usually done by putting a tag on the unit, leaving tag on counter, or on front door. The Gas Company will not, however, make specific recommendations as to repairs and or replacement. They may have rebates or programs that may assist you with this matter and you may contact them directly should this be the case. Licensed Real Estate Brokers and Agents are not qualified or licensed to inspect furnaces or to make any recommendation or determinations concerning possible defects or health and safety issues. Buyers and Sellers are urged to investigate on their own with experts in this field.

- 24 **CAL FIRPTA Percent Withholding Rules Change:** After January 1, 2003, the California Investment in Real Property Tax Act (CAL FIRPTA) requires withholding of 3-1/3 percent of the sales price for residents as well as non-residents selling investment properties. While this new law does not impose new taxes, or increase existing taxes, it does not apply to the sale of principal residences or to 1031 tax-deferred exchanges; there are other transfers not subject to the withholding requirements as well. Individual sellers can no longer apply for and receive a waiver from the Franchise Tax Board even if they can document that the tax owed is less than 3-1/3 percent of the sales price withheld. Entities such as corporations, LLC's and trusts can still apply for and receive a waiver. In most cases, the FTB believes the buyer will delegate this duty to the escrow officers who are, by law, required to notify buyers of their withholding requirements. The penalty for not complying is the greater of \$500 or 10 percent of the withholding amount. For more information, access the Franchise Tax Board's web site at [www.Ftb.ca.gov](http://www.Ftb.ca.gov) or call Denise Azimi or Patrick Hill in the FTB's Public Affairs Office at (916) 845-4800.
- 25 **Waiver of Broker Responsibility:** The Century 21 office involved in this transaction (Broker) requires the seller to provide the mandatory Disclosures Report from Property LO. U.S.A or some other qualified and capable disclosure reporting firm, of supplying the required information. Broker strongly recommends that the Seller and Buyer seriously consider each and every report offered above. In the event that the Buyer elects to purchase the subject property without the benefits of the reports, and the valuable information contained therein, then Buyer is acting against the advice and recommendations of Broker and acknowledges that conditions may exist related to the subject property which would have been disclosed by such reports. Accordingly, in the event that Seller and/or Buyer fail to purchase each and every report concerning the subject property, Seller and/or Buyer individually and jointly, agree to waive any and all claims against Broker and to hold Broker harmless. To indemnify, discharge, release, and agree to defend Broker from any loss or damage suffered by Seller and/or Buyer as a result of conditions or defects affecting the subject property which are unknown to Seller and/or Buyer.
- 26 **Inland Empire Wind Advisory:** Areas of the Inland Empire may experience "strong" or "high" winds. The location of your home purchase may be more vulnerable to winds than other areas in the Inland Empire. In addition, blowing dust is present in the wind as it crosses the valley.

BUYER AND SELLER ACKNOWLEDGE AND AGREE THAT BROKER CANNOT (A) GUARANTEE THE CONDITION OF THE PROPERTY; (B) BE RESPONSIBLE FOR DEFECTS THAT ARE NOT KNOWN TO BROKER(S); (C) BE RESPONSIBLE FOR DEFECTS THAT ARE NOT VISUALLY OBSERVABLE IN REASONABLY ACCESSIBLE AREAS OF THE PROPERTY; (D) IDENTIFY PROPERTY BOUNDARY LINES; (E) PROVIDE LEGAL OR TAX ADVICE; OR (F) PROVIDE OTHER ADVICE/INFORMATION THAT EXCEEDS THE KNOWLEDGE, EDUCATION, AND EXPERIENCE REQUIRED TO OBTAIN AREAL ESTATE LICENSE. BUYER AND SELLER AGREE THAT THEY WILL SEEK LEGAL, TAX AND OTHER DESIRED ASSISTANCE FROM APPROPRIATE PROFESSIONALS

BUYER AND SELLER ACKNOWLEDGE THAT THEY HAVE READ AND APPROVED THE FOREGOING ITEMS OF THIS ADDENDUM.

27 **BUYER**

\_\_\_\_\_ Date: \_\_\_\_\_  
 (Signature)  
 \_\_\_\_\_  
 (Print Name)

\_\_\_\_\_ Date: \_\_\_\_\_  
 (Signature)  
 \_\_\_\_\_  
 (PrintName)

28 **SELLER**

\_\_\_\_\_ Date: \_\_\_\_\_  
 (Signature)  
 \_\_\_\_\_  
 (Print Name)

\_\_\_\_\_ Date: \_\_\_\_\_  
 (Signature)  
 \_\_\_\_\_  
 (PrintName)