

# BUYER DUE DILIGENCE CHECKLIST

**This is a legally binding document. If not understood, consult an attorney.**

**THIS BUYER DUE DILIGENCE CHECKLIST** is provided by \_\_\_\_\_ (the "Company"), including (the "Agent") to: \_\_\_\_\_ (the "Buyer") in connection with the purchase of any property, including (if known) the property located at: \_\_\_\_\_.

## NOTICE FROM COMPANY

Buyer is advised that the Company and its agents are trained in the marketing of real estate. Neither the Company nor its agents are trained or licensed to provide Buyer with professional advice regarding the physical condition of any property or regarding legal or tax matters. The Company and its agents strongly recommend that in connection with any offer to acquire any property, Buyer retain the professional services of legal and/or tax advisors, property inspectors, surveyors, and other professionals to satisfy Buyer as to any and all aspects of the physical and legal condition of the property. BUYER IS ADVISED NOT TO RELY ON THE COMPANY, OR ON ANY AGENTS OF THE COMPANY, FOR A DETERMINATION REGARDING THE PHYSICAL OR LEGAL CONDITION OF THE PROPERTY. The following is a general listing of issues that Buyer should consider in evaluating any property. This is not intended to be a comprehensive list of all issues that may be relevant in Buyer's evaluation of a specific property, including any property listed above. This document is, however, intended to direct Buyer's attention to a number of issues that are commonly considered important in the evaluation of any property.

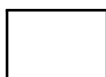
**1. BUILDING CODE/ZONING COMPLIANCE:** Buyer is advised to consult with local zoning officials to assure that Buyer's intended use of the Property (including, but not limited to, rental and business uses, construction of new improvements and/or the remodel of existing improvements) will comply with local zoning requirements and with any recorded restrictive covenants and conditions. Buyer should determine whether a certificate of occupancy has been issued for the Property and if such certificate is available for inspection. Buyer is also advised to make inquiry at the local building department to determine if building permits and final inspections were obtained for any remodel work at the Property, if applicable. Buyer acknowledges that the Company should not be relied upon for any determination as to any past, present or future building code or zoning restrictions or violations, or as to the suitability of the Property for Buyer's intended use.

**2. RENTAL OF PROPERTY:** If Buyer intends to use the Property as a rental, Buyer is advised to consult with local zoning officials and to review any applicable restrictive covenants to determine that rental of the Property is a legal use, and does not violate any restrictive covenants. Buyer is also advised to consult with local governmental authorities to determine whether a business or other license is required in order to use the Property as a rental. Buyer acknowledges that the Company should not be relied upon for any determination as to whether rental of the Property is a legal or permitted use.

**3. HAZARDOUS WASTE AND TOXIC SUBSTANCES:** Buyer is advised to consult with appropriate professionals regarding the possible existence of hazardous wastes and toxic substances on the Property, including, but not limited to, asbestos, radon gas, lead and lead-based paint, and contamination of the Property from the use, storing or manufacturing of any illegal substances including, methamphetamines. Buyer is advised that a variety of federal laws can place strict liability on property owners for hazardous waste management and cleanup of hazardous substances. Buyer is advised of Buyer's obligation to make appropriate inquiries ("due diligence") into past uses of the Property to ascertain the possible existence of hazardous wastes or toxic substances. Buyer acknowledges that the Company should not be relied upon for any determination as to the existence of any hazardous wastes or toxic substances.

**4. RADON GAS:** The EPA and the Surgeon General have linked exposure to elevated radon levels to an increased risk of developing lung cancer. The Buyer is advised to consult with appropriate professionals to determine if elevated levels of radon gas exist in the Property. Additional information regarding radon is available from the EPA at [epa.gov/radon/](http://epa.gov/radon/).

**5. SURVEYING AND STAKING:** Buyer is advised that without an accurate survey of the Property, Buyer cannot be certain as to the boundaries of the Property, or that any improvements on the Property are not encroaching upon adjoining



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parcels of property, or that improvements located on adjoining parcels of property do not encroach onto the Property. Walls and fences may not correspond with legal boundary lines for the Property. Buyer acknowledges that the Company should not be relied upon for any determination as to the boundaries of the Property or of any encroachments within or over the actual boundaries of the Property.

**6. HOME WARRANTY PLANS:** Buyer acknowledges that Buyer has been advised by the Company of the availability of Home Warranty Plans which provide limited warranties for certain home appliances and certain components of the Property after Closing.

**7. FLOOD ZONE AND INSURANCE:** If the Property is located in a "Flood Zone" as set forth on the H.U.D. "Special Flood Zone Area" map, the mortgage lender may require that Buyer obtain and pay for flood insurance on the Property and its improvements.

**8. HOMEOWNERS INSURANCE:** Buyer is advised that certain properties, due to location, condition, and/or claims history, may be uninsurable, or may only be insurable at an increased cost. Buyer is also advised that Buyer's credit, insurance claims history, and other issues (such as specific kinds of pets), may be factors in determining the availability and cost of homeowners insurance. Buyer is advised to consult directly with insurance companies of Buyer's choice regarding the availability and costs of homeowner's insurance for the Property.

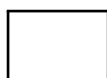
**9. TITLE ISSUES/HOMEOWNER'S ASSOCIATION:** Buyer is advised that title insurance companies offer a variety of title insurance policies that provide different levels of coverage. Buyer is advised to carefully review with legal counsel and with the title insurer: (a) the available title insurance coverage; (b) the contents of any Commitment for Title Insurance on the Property; and (c) the contents of all documents affecting the Property that are a matter of public record, including, but not limited to, any restrictive covenants (CC&R's). If the Property is part of a Condominium or other Homeowners Association ("HOA"), Buyer is advised to consult directly with the HOA regarding all HOA matters that may affect the Property, including, but not limited to, existing and proposed budgets, financial statements, present and proposed assessments, dues, fees, reserve accounts, rules, and meeting minutes.

**10. PHYSICAL CONDITION:** Buyer is advised to consult with appropriate professionals regarding all physical aspects of the Property, including, but not limited to: built-in appliances; plumbing fixtures, lines, fittings and systems; heating, air conditioning systems and components; electrical wiring, systems, appliances and components; foundation; roof; structure; exterior surfaces (including stucco), exterior features and equipment; pool/spa systems and components; any diseased trees or other landscaping; and moisture seepage and damage from roof, foundation or windows. Buyer is advised not to rely on seller, the Company, or any agents of the Company for a determination regarding the physical condition of the Property.

**11. SQUARE FOOTAGE/ACREAGE:** If the square footage or acreage of the Property is of material concern to Buyer, Buyer is advised to verify the square footage or acreage through any independent sources or means deemed appropriate by Buyer. In the event the Company provides any numerical statements regarding these items, such statements are approximations only. Buyer is advised not to rely on seller, the Company, or any agents of the Company for a determination regarding the square footage or acreage of the Property.

**12. UTILITY SERVICES:** Buyer is advised to consult with appropriate professionals regarding the location of utility service lines and the availability and cost of all utility services for the Property including, but not limited to, sewer, natural gas, electricity, telephone, and cable TV. Buyer is advised that the Property may not be connected to public water and/or public sewer, and applicable fees may not have been paid. Septic tanks may need to be pumped. Leach fields may need to be inspected.

**13. WATER:** Buyer is advised to consult with the water service provider for the Property and with other appropriate professionals regarding the source, quality, and availability of water for the Property; and regarding all applicable fees and



# BUYER DUE DILIGENCE CHECKLIST

costs (including, without limitation, connection fees, stand-by fees and service fees), use and regulatory restrictions, and ownership of water rights and water system. Depending upon the location of the Property, the water service provider, and climate conditions, water service to the Property may be interrupted. A well and well system may require inspection. Buyer is further advised that, depending upon the location of the Property, State and local laws may impose specific requirements regarding the source, the capacity, and the quality of water that will service new plat or building permit applications. Such water-related laws may directly impact Buyer's ability to develop the Property and/or obtain a building permit for any improvements to the Property. Buyer is advised to consult directly with applicable State and local authorities, and with legal counsel, regarding the content and potential affect of such water-related laws.

**14. GEOLOGICAL CONDITIONS:** Buyer is advised to consult with appropriate professionals regarding possible geologic conditions at or near the Property. Such geologic conditions may include, but are not limited to, soil and terrain stability, the existence of wetlands, drainage problems, and any building and/or zoning requirements relating to such geologic conditions.

**15. MOLD:** Buyer is advised to consult with appropriate professionals to determine the possible existence of mold in the Property. Water leaks and water damage to the Property may result in mold that may have adverse health affects. Additional information regarding mold is available through the EPA at: [www.epa.gov](http://www.epa.gov).

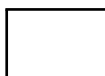
**16. HOUSING COMPLIANCE:** Buyer is advised to consult with appropriate professionals regarding neighborhood or property conditions including, but not limited to: schools; proximity and adequacy of law enforcement; proximity to commercial, industrial, or agricultural activities; crime statistics; fire protection; other governmental services; existing and proposed transportation; construction and development; noise or odor from any source; and other nuisances, hazards, or circumstances. All properties will be shown without regard to race, color, religion, sex, national origin, handicap or familial status and any other requirements of federal and state fair housing laws.

**17. PROPERTY TAXES:** Buyer is also advised that, depending upon present use, the Property may be taxed as "Agricultural". A purchase of the Property may change the Agricultural status and the amount of property taxes assessed by the County. If Buyer has any questions regarding County property tax requirements, Buyer is advised to consult directly with the County Assessor's Office.

**18. INCOME TAX/LEGAL CONSEQUENCES:** Buyer is advised that this transaction has tax and legal consequences. Buyer is advised to consult with appropriate legal and tax advisors regarding this transaction.

**19. FOREIGN INVESTMENT IN REAL PROPERTY TAX ACT (FIRPTA):** In general, the sale or other disposition of a U.S. real property interest by a foreign person as defined in the Internal Revenue Code is subject to income tax withholding under FIRPTA. If FIRPTA applies to the SELLER, the buyer or other qualified substitute may be legally required to withhold and remit to the IRS 10% of the total purchase price for a property at closing. FIRPTA may require Buyer's signature on applicable IRS withholding forms. Failure to comply with FIRPTA may create liability for Buyer and Seller. If FIRPTA applies to this transaction, Buyer and Seller are advised to consult with appropriate legal and tax advisors regarding their rights and obligations under FIRPTA.

**20. ENERGY EFFICIENCY:** According to the national ENERGY STAR, and other similar energy efficiency programs, utility bills in a typical existing home can be reduced by 20% or more through energy efficiency improvements. A home energy analysis can be provided by certified home energy efficiency professionals to document the energy efficiency levels of an existing home, and also provide recommendations for energy improvements that will reduce utility costs, improve comfort, and improve indoor air quality and safety of a property. Buyer is advised to consult with appropriate energy efficiency professionals regarding any property of interest to the Buyer. Additional information is available at [www.energystar.gov](http://www.energystar.gov).



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## RECEIPT AND ACKNOWLEDGEMENT OF BUYER

I have carefully reviewed this **BUYER DUE DILIGENCE CHECKLIST**. I understand my right and the recommendation of the Company to consult with appropriate experts and professionals prior to, or as part of an offer to purchase any property. **I FURTHER UNDERSTAND THAT I HAVE THE RIGHT TO INCLUDE ANY OR ALL OF THE ABOVE ISSUES AS A CONDITION OF MY OFFER TO PURCHASE ANY PROPERTY.**

Buyer Signature / Date

Buyer Signature / Date

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Buyer Printed Name

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Buyer Printed Name