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**DISCLOSURE REGARDING
REAL ESTATE AGENCY RELATIONSHIPS**
(As required by Civil Code)



(If checked) This form is being provided in connection with a transaction for a leasehold interest exceeding one year as per Civil Code Section 2079.13(j), (k), and (l).

When you enter into a discussion with a real estate agent regarding a real estate transaction, you should from the outset understand what type of agency relationship or representation you wish to have with the agent in the transaction.

SELLER'S AGENT

A Seller's agent under a listing agreement with the Seller acts as the agent for the Seller only. A Seller's agent or a subagent of that agent has the following affirmative obligations:

To the Seller: A Fiduciary duty of utmost care, integrity, honesty and loyalty in dealings with the Seller.

To the Buyer and the Seller:

- (a) Diligent exercise of reasonable skill and care in performance of the agent's duties.
- (b) A duty of honest and fair dealing and good faith.
- (c) A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the parties. An agent is not obligated to reveal to either party any confidential information obtained from the other party that does not involve the affirmative duties set forth above.

BUYER'S AGENT

A Buyer's agent can, with a Buyer's consent, agree to act as agent for the Buyer only. In these situations, the agent is not the Seller's agent, even if by agreement the agent may receive compensation for services rendered, either in full or in part from the Seller. An agent acting only for a Buyer has the following affirmative obligations:

To the Buyer: A fiduciary duty of utmost care, integrity, honesty and loyalty in dealings with the Buyer.

To the Buyer and the Seller:

- (a) Diligent exercise of reasonable skill and care in performance of the agent's duties.
- (b) A duty of honest and fair dealing and good faith.
- (c) A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the parties. An agent is not obligated to reveal to either party any confidential information obtained from the other party that does not involve the affirmative duties set forth above.

AGENT REPRESENTING BOTH SELLER AND BUYER

A real estate agent, either acting directly or through one or more salespersons and broker associates, can legally be the agent of both the Seller and the Buyer in a transaction, but only with the knowledge and consent of both the Seller and the Buyer.

In a dual agency situation, the agent has the following affirmative obligations to both the Seller and the Buyer:

- (a) A fiduciary duty of utmost care, integrity, honesty and loyalty in the dealings with either the Seller or the Buyer.
- (b) Other duties to the Seller and the Buyer as stated above in their respective sections.

In representing both Seller and Buyer, a dual agent may not, without the express permission of the respective party, disclose to the other party confidential information, including, but not limited to, facts relating to either the Buyer's or Seller's financial position, motivations, bargaining position, or other personal information that may impact price, including the Seller's willingness to accept a price less than the listing price or the Buyer's willingness to pay a price greater than the price offered.

SELLER AND BUYER REPRESENTATIVES

Either the purchase agreement or a separate document will contain a confirmation of which agent is representing you and whether that agent is representing you exclusively in the transaction or acting as a dual agent. Please pay attention to that confirmation to make sure it accurately reflects your understanding of your agent's role.

The above duties of the agent in a real estate transaction do not relieve a Seller or Buyer from the responsibility to protect his or her own interests. You should carefully read all agreements to assure that they adequately express your understanding of the transaction. A real estate agent is a person qualified to advise about real estate. If legal or tax advice is desired, consult a competent professional.

If you are a Buyer, you have the duty to exercise reasonable care to protect yourself, including as to those facts about the property which are known to you or within your diligent attention and observation.

Both Sellers and Buyers should strongly consider obtaining tax advice from a competent professional because the federal and state tax consequences of a transaction can be complex and subject to change.

Throughout your real property transaction you may receive more than one disclosure form, depending upon the number of agents assisting in the transaction. The law requires each agent with whom you have more than a casual relationship to present you with this disclosure form. You should read its contents each time it is presented to you, considering the relationship between you and the real estate agent in your specific transaction. **This disclosure form includes the provisions of Sections 2079.13 to 2079.24, inclusive, of the Civil Code set forth on page 2. Read it carefully. I/WE ACKNOWLEDGE RECEIPT OF A COPY OF THIS DISCLOSURE AND THE PORTIONS OF THE CIVIL CODE PRINTED ON THE BACK (OR A SEPARATE PAGE).**

Buyer/Seller/Landlord/Tenant Todd Grover Date 9/4/2022
 Buyer/Seller/Landlord/Tenant Kelly Grover Date 9/4/2022
 Agent Serenio DRE Lic. # 02101181
 By Kevin Lu Real Estate Broker (Firm) Kevin Lu DRE Lic. # 01999867 Date 9/5/2022

CIVIL CODE SECTIONS 2079.13-24 (2019.16 APPEARS ON THE FRONT)

2079.13 As used in Sections 2079.7 and 2079.14 to 2079.24, inclusive, the following terms have the following meanings:

(a) "Agent" means a person acting under provisions of Title 9 (commencing with Section 2295) in a real property transaction, and includes a person who is licensed as a real estate broker under Chapter 3 (commencing with Section 10130) of Part 1 of Division 4 of the Business and Professions Code, and under whose license a listing is executed or an offer to purchase is obtained. The agent in the real property transaction bears responsibility for that agent's salespersons or broker associates who perform as agents of the agent. When a salesperson or broker associate owes a duty to any principal, or to any buyer or seller who is not a principal, in a real property transaction, that duty is equivalent to the duty owed to that party by the broker for whom the salesperson or broker associate functions. (b) "Buyer" means a transferee in a real property transaction, and includes a person who executes an offer to purchase real property from a seller through an agent, or who seeks the services of an agent in more than a casual, transitory, or preliminary manner, with the object of entering into a real property transaction. "Buyer" includes vendee or lessee of real property. (c) "Commercial real property" means all real property in the state, except (1) single-family residential real property, (2) dwelling units made subject to Chapter 2 (commencing with Section 1940) of Title 5, (3) a mobilehome, as defined in Section 798.3, (4) vacant land, or (5) a recreational vehicle, as defined in Section 799.29. (d) "Dual agent" means an agent acting, either directly or through a salesperson or broker associate, as agent for both the seller and the buyer in a real property transaction. (e) "Listing agreement" means a written contract between a seller of real property and an agent, by which the agent has been authorized to sell the real property or to find or obtain a buyer, including rendering other services for which a real estate license is required to the seller pursuant to the terms of the agreement. (f) "Seller's agent" means a person who has obtained a listing of real property to act as an agent for compensation. (g) "Listing price" is the amount expressed in dollars specified in the listing for which the seller is willing to sell the real property through the seller's agent. (h) "Offering price" is the amount expressed in dollars specified in an offer to purchase for which the buyer is willing to buy the real property. (i) "Offer to purchase" means a written contract executed by a buyer acting through a buyer's agent that becomes the contract for the sale of the real property upon acceptance by the seller. (j) "Real property" means any estate specified by subdivision (1) or (2) of Section 761 in property, and includes (1) single-family residential property, (2) multiunit residential property with more than four dwelling units, (3) commercial real property, (4) vacant land, (5) a ground lease coupled with improvements, or (6) a manufactured home as defined in Section 18007 of the Health and Safety Code, or a mobilehome as defined in Section 18008 of the Health and Safety Code, when offered for sale or sold through an agent pursuant to the authority contained in Section 10131.6 of the Business and Professions Code. (k) "Real property transaction" means a transaction for the sale of real property in which an agent is retained by a buyer, seller, or both a buyer and seller to act in that transaction, and includes a listing or an offer to purchase. (l) "Sell," "sale," or "sold" refers to a transaction for the transfer of real property from the seller to the buyer and includes exchanges of real property between the seller and buyer, transactions for the creation of a real property sales contract within the meaning of Section 2985, and transactions for the creation of a leasehold exceeding one year's duration. (m) "Seller" means the transferor in a real property transaction and includes an owner who lists real property with an agent, whether or not a transfer results, or who receives an offer to purchase real property of which he or she is the owner from an agent on behalf of another. "Seller" includes both a vendor and a lessor of real property. (n) "Buyer's agent" means an agent who represents a buyer in a real property transaction.

2079.14. A seller's agent and buyer's agent shall provide the seller and buyer in a real property transaction with a copy of the disclosure form specified in Section 2079.16, and shall obtain a signed acknowledgment of receipt from that seller and buyer, except as provided in Section 2079.15, as follows: (a) The seller's agent, if any, shall provide the disclosure form to the seller prior to entering into the listing agreement. (b) The buyer's agent shall provide the disclosure form to the buyer as soon as practicable prior to execution of the buyer's offer to purchase. If the offer to purchase is not prepared by the buyer's agent, the buyer's agent shall present the disclosure form to the buyer not later than the next business day after receiving the offer to purchase from the buyer.

2079.15. In any circumstance in which the seller or buyer refuses to sign an acknowledgment of receipt pursuant to Section 2079.14, the agent shall set forth, sign, and date a written declaration of the facts of the refusal.

2079.16 Reproduced on Page 1 of this READ form.

2079.17(a) As soon as practicable, the buyer's agent shall disclose to the buyer and seller whether the agent is acting in the real property transaction as the buyer's agent, or as a dual agent representing both the buyer and the seller. This relationship shall be confirmed in the contract to purchase and sell real property or in a separate writing executed or acknowledged by the seller, the buyer, and the buyer's agent prior to or coincident with execution of that contract by the buyer and the seller, respectively. (b) As soon as practicable, the seller's agent shall disclose to the seller whether the seller's agent is acting in the real property transaction as the seller's agent, or as a dual agent representing both the buyer and seller. This relationship shall be confirmed in the contract to purchase and sell real property or in a separate writing executed or acknowledged by the seller and the seller's agent prior to or coincident with the execution of that contract by the seller.

CONFIRMATION: The following agency relationships are confirmed for this transaction:

Seller's Brokerage Firm _____ License Number _____

Is the broker of (check one): the seller; or both the buyer and seller. (dual agent)

Seller's Agent _____ License Number _____

Is (check one): the Seller's Agent. (salesperson or broker associate) both the Buyer's and Seller's Agent. (dual agent)

Buyer's Brokerage Firm _____ License Number _____

Is the broker of (check one): the buyer; or both the buyer and seller. (dual agent)

Buyer's Agent _____ License Number _____

Is (check one): the Buyer's Agent. (salesperson or broker associate) both the Buyer's and Seller's Agent. (dual agent)

(d) The disclosures and confirmation required by this section shall be in addition to the disclosure required by Section 2079.14. An agent's duty to provide disclosure and confirmation of representation in this section may be performed by a real estate salesperson or broker associate affiliated with that broker.

2079.18 (Repealed pursuant to AB-1289)

2079.19 The payment of compensation or the obligation to pay compensation to an agent by the seller or buyer is not necessarily determinative of a particular agency relationship between an agent and the seller or buyer. A listing agent and a selling agent may agree to share any compensation or commission paid, or any right to any compensation or commission for which an obligation arises as the result of a real estate transaction, and the terms of any such agreement shall not necessarily be determinative of a particular relationship.

2079.20 Nothing in this article prevents an agent from selecting, as a condition of the agent's employment, a specific form of agency relationship not specifically prohibited by this article if the requirements of Section 2079.14 and Section 2079.17 are complied with.

2079.21 (a) A dual agent may not, without the express permission of the seller, disclose to the buyer any confidential information obtained from the seller. (b) A dual agent may not, without the express permission of the buyer, disclose to the seller any confidential information obtained from the buyer. (c) "Confidential information" means facts relating to the client's financial position, motivations, bargaining position, or other personal information that may impact price, such as the seller is willing to accept a price less than the listing price or the buyer is willing to pay a price greater than the price offered. (d) This section does not alter in any way the duty or responsibility of a dual agent to any principal with respect to confidential information other than price.

2079.22 Nothing in this article precludes a seller's agent from also being a buyer's agent. If a seller or buyer in a transaction chooses to not be represented by an agent, that does not, of itself, make that agent a dual agent.

2079.23 A contract between the principal and agent may be modified or altered to change the agency relationship at any time before the performance of the act which is the object of the agency with the written consent of the parties to the agency relationship.

2079.24 Nothing in this article shall be construed to either diminish the duty of disclosure owed buyers and sellers by agents and their associate licensees, subagents, and employees or to relieve agents and their associate licensees, subagents, and employees from liability for their conduct in connection with acts governed by this article or for any breach of a fiduciary duty or a duty of disclosure.



NOTICE TO BUYERS AND SELLERS REGARDING FIRPTA

Property Address: 2240 Eastridge Ave, Menlo Park, CA 94025

In 1980, the United States adopted the Foreign Investment in Real Property Tax Act (FIRPTA). Under FIRPTA, Buyers are legally obligated to withhold a percentage of the gross sales price, otherwise payable to the Seller. The FIRPTA withholding amount was increased to 15% for some transactions on February 17, 2016. Buyers must pay 15% of the amount to the Internal Revenue Service (IRS) unless Seller, or the particular transaction, is exempt.

Sellers are exempt if **all Sellers** give the escrow holder completed FIRPTA Seller Affidavits, signed by all Sellers. Affidavits must state, among other things, that the Sellers are not foreign persons. FIRPTA requires these Sellers' Affidavits to include the taxpayer identification number of the Seller ("TIN"). For individuals, this is usually the Sellers' Social Security Number ("SSN").

This requirement is satisfied if the Seller Affidavit, which includes the individual Sellers' SSN's, is delivered to the escrow holder, and the escrow holder in turn provides the Buyer with a statement under penalty of perjury that they have the required Sellers' Affidavits with the SSN in their possession (the "Escrow Holder's Statement").

ATTENTION SELLERS: If you, as the Sellers, are relying on the exemption that you are not foreign persons, **you must provide the escrow holder with completed Seller Affidavits, including your SSN.**

ATTENTION BUYERS: If the escrow holder fails or refuses to deliver to you the required Escrow Holder's Statement prior to the close of escrow, and no other exemption applies, you are required by law to instruct the escrow company to withhold 15% of the gross sales price and pay that amount to the IRS for the tax account of the Seller.

If you decide to consummate your purchase with the Sellers without obtaining the required Escrow Holder's Statement, or without withholding 15% of the gross sales price, then you have acted against the advice of your broker/agent, and may be liable to the IRS for that, the non-withheld 15% amount plus interest, and penalties, if applicable.

NOTE: *This Notice is not intended to give tax or legal advice to Sellers or Buyers of real property. Sellers and Buyers are strongly advised to discuss any legal or tax issues related to this transaction with their respective legal and tax advisors; including the contents of this Notice.*

I have received and understand this Notice:

Date: <u>9/8/2022</u>	Seller: <u>Todd Grover</u>	Date: _____	Buyer: _____
Date: <u>9/7/2022</u>	Seller: <u>Kelly Grover</u>	Date: _____	Buyer: _____

DocuSigned by:

Todd Grover

DocuSigned by:
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Kelly Grover

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SELLER'S AFFIDAVIT OF NON-FOREIGN STATUS ("FIRPTA") AND CALIFORNIA TAX WITHHOLDING STATUS
DESIGNED FOR USE WITH PRDS® FORMS



1. GENERAL INFORMATION REGARDING FIRPTA AND SELLER'S AFFIDAVIT OF NON-FOREIGN STATUS:

Internal Revenue Code ("IRC") §1445 provides that a transferee ("Buyer") of a U.S. real property interest must withhold tax if the Transferor ("Seller") is a "foreign person". In order to avoid withholding, IRC §1445(b) requires that the Seller: (a) provide an Affidavit to the Buyer with the Seller's Social Security Number ("SSN") or the Taxpayer Identification Number ("TIN"), or (b) provides a proper Affidavit, (such as this form) including Seller's SSN or TIN, to a "Qualified Substitute" who furnishes a statement to the Buyer under penalty of perjury that the qualified substitute has such Affidavit in their possession. A Qualified Substitute may be (i) an attorney, title company, or escrow company (but not the Seller's agent) responsible for closing the transaction, or (ii) the Buyer's agent.

2. SELLER'S INFORMATION:

A. PROPERTY ADDRESS (Property being transferred): 2240 Eastridge Ave, Menlo Park, CA 94025 ("Property")

B. TRANSFEROR'S NAME: Todd Grover ("Transferor")

C. AUTHORITY TO SIGN: If this document is signed on behalf of an Entity Transferor, THE UNDERSIGNED INDIVIDUAL DECLARES THAT HE/ SHE HAS AUTHORITY TO SIGN THIS DOCUMENT ON BEHALF OF THE Transferor.

D. EXEMPTION CLAIMED: I, the undersigned, declare under penalty of perjury that, for the reason checked below, if any, I am exempt (or if signed on behalf of an Entity Transferor, the Entity is exempt) from the federal withholding law ("FIRPTA").

(For individual Transferors) I am not a nonresident alien for purposes of U.S. income taxation.

(For corporation, partnership, limited liability company, trust and estate Transferors) The Transferor is not a foreign corporation, foreign partnership, foreign limited liability company, foreign trust or foreign estate, as those terms are defined in the Internal Revenue Code and Income Tax Regulations.

3. QUALIFIED SUBSTITUTE OR DIRECT DELIVERY TO BUYER:

A. TRANSFEROR'S USE OF QUALIFIED SUBSTITUTE (TITLE OR ESCROW) TO SATISFY FIRPTA.

(i) A Qualified Substitute shall be used in this transaction to satisfy the requirements under Internal Revenue Code §1445. Seller shall provide a completed Affidavit to the Qualified Substitute, who will furnish a statement to the Buyer stating, under penalty of perjury that the Qualified Substitute (i) has the Seller's Affidavit; (ii) the Affidavit is complete; and (iii) the Seller states in the Affidavit that no withholding is required because an exemption is claimed.

(ii) Qualified Substitute and listing Broker shall NOT provide the information in paragraph 3B to Buyer.

OR B. ("If checked") TRANSFEROR'S ADDITIONAL INFORMATION DIRECT TO BUYER: Seller shall complete the information below and provide a completed form to Buyer.

(i) Social Security Number ("SSN") or Taxpayer Identification Number ("TIN"): _____

(ii) Address: _____
(Use HOME address for individual Transferors. Use OFFICE address for an "Entity" i.e., corporations, partnerships, limited liability companies, trusts, and estates).

(iii) Telephone Number: _____

4. CALIFORNIA WITHHOLDING:

Seller agrees to provide Escrow Holder with necessary information to comply with California Withholding Law Revenue and Taxation Code, §18662

I understand that this Affidavit may be disclosed to the Internal Revenue Service by the Transferee, and that any false statement I have made herein may result in a fine, imprisonment or both.

Signed by Todd Grover

By DD4683287B2D442...
(Transferor's Signature)(Indicate if you are signing as the Trustee of a revocable/grantor trust.)

Date 9/8/2022

Todd Grover
Printed name

Title (if signed on behalf of Entity Transferor)

Buyer's unauthorized use or disclosure of Seller's SSN or TIN could result in civil and/or criminal liability.

Buyer _____ Date _____
(Buyer acknowledges receipt of a Copy of this Seller's Affidavit)

Buyer _____ Date _____
(Buyer acknowledges receipt of a Copy of this Seller's Affidavit)

IMPORTANT NOTICE: An Affidavit should be signed by each individual or entity Transferor to whom or to which it applies. Before you sign, any questions relating to the legal sufficiency of this form, or to whether it applies to you or to a particular transaction, or about the definition of any of the terms used, should be referred to an attorney, certified public accountant, or other professional tax advisor, the Internal Revenue Service, or the California Franchise Tax Board.

FEDERAL GUIDELINES

FOREIGN PERSONS DEFINED. The following general information is provide to assist sellers in determining whether they are “foreign persons” for purposes of the Foreign Investment in Real Property Tax Act (“FIRPTA”), IRC §1445. FIRPTA requires a buyer to withhold and send to the IRS 15% of the gross sales price of a United States (“U.S.”) real property interest if the seller is a foreign person. Certain restrictions and limitations apply. No withholding is required for a seller who is a U.S. person (that is, not a foreign person). In order for an individual to be a U.S. person, he/she must be either a U.S. citizen or a U.S. resident alien. The test must be applied separately to each seller in transactions involving more than one seller. Even if the seller is a foreign person, withholding will not be required in every circumstance.

NONRESIDENT ALIEN INDIVIDUAL. An individual whose residence is not within the U.S. and who is not a U.S. citizen is a nonresident alien. The term includes a nonresident alien fiduciary. An alien actually present in the U.S. who is not just staying temporarily (i.e., not a mere transient or sojourner) is a U.S. resident for income tax purposes. An alien is considered a U.S. resident and not subject to withholding under FIRPTA if the alien meets either the **green card test** or the **substantial presence test** for the calendar year.

GREEN CARD TEST. An alien is a U.S. resident if the individual was a lawful permanent resident of the U.S. at any time during the calendar year. This is known as the “green card test.”

SUBSTANTIAL PRESENCE TEST. An alien is considered a U.S. resident if the individual meets the substantial presence test for the calendar year. Under this test, the individual must be physically present in the U.S. on at least: (1) 31 days during the current calendar year, and (2) 183 days during the current year and the two preceding years, counting all the days of physical presence in the current year but only 1/3 the number of days present in the first preceding year, and 1/6 the number of days present in the second preceding year.

DAYS OF PRESENCE IN THE U.S. TEST. Generally, a person is treated as physically present in the country at any time during the day. However, if a person regularly commutes to work in the U.S. from a residence in Canada or Mexico, or is in transit between two points outside the U.S. and is physically present in the country for less than 24 hours, he/she is not treated as present in the U.S. on any day during the transit or commute. In addition, the individual is not treated as present in the U.S. on any day during which he/she is unable to leave the U.S. because of a medical condition which arose while in the U.S.

EXEMPT INDIVIDUAL. For the substantial presence test, do not count days for which a person is an exempt individual. An exempt individual is anyone in the following categories:

- (1) An individual temporarily present in the U.S. because of (a) full-time diplomatic or consular status, (b) full-time employment with and international organization or (c) an immediate family member of a person described in (a) or (b).
- (2) A teacher or trainee temporarily present in the U.S. under a “J” visa (other than as a student) who substantially complies with the requirements of the visa. An individual will not be exempt under this category for a calendar year if he/she was exempt as a teacher/trainee or as a student for any two calendar years during the preceding six calendar years.
- (3) A student temporarily present in the U.S. under an “F” or “J” visa who substantially complies with the requirements of the visa. Generally, a person will not be exempt as a student for any calendar year after the fifth calendar year for which he/she was exempt as a student, teacher or trainee. However, the individual may continue to be exempt as a student beyond the fifth year if he/she is in compliance with the terms of the student visa and does not intend to permanently reside in the U.S.

CLOSER CONNECTION TO A FOREIGN COUNTRY. Even if an individual would otherwise meet the substantial presence test, that person is not treated as meeting the test for the current year if he/she:

- (1) Is present in the U.S. on fewer than 183 days during the current year, and
- (2) Has a tax home in a foreign country and has a closer connection to that country than to the U.S.

SPECIAL RULES. It is possible to be both a nonresident alien and a resident alien during the same tax year. Usually this occurs for the year a person arrives in or departs from the U.S. Other special provisions apply to individuals who were U.S. residents for at least three years, cease to be U.S. residents, and then become U.S. residents again.

NON-RESIDENT ALIEN INDIVIDUALS MARRIED TO U.S. CITIZENS OR RESIDENT ALIENS may choose to be treated as resident aliens for most income tax purposes. However, these individuals are considered **nonresidents** for purposes of withholding taxes.

A FOREIGN PERSON OR PARTNERSHIP is one that does not fit the definition of a domestic corporation or partnership. A domestic corporation or partnership is one that was created or organized in the U.S., or under the laws of the U.S., or of any U.S. state or territory.

GUAM AND U.S. VIRGIN ISLANDS CORPORATIONS. A corporation created or organized in or under the laws of Guam or the U.S. Virgin Islands is not considered a foreign corporation for the purpose of withholding tax for the tax year if:

- (1) at all times during the tax year, less than 25% in value of the corporation’s stock is owned, directly or indirectly, by foreign persons, and
- (2) at least 20% of the corporation’s gross income is derived from sources within Guam or at least 65% of the corporations income is effectively connected with the conduct of a trade or business in the U.S. Virgin Islands or the U.S. for the 3-year period ending with the close of the preceding tax year of the corporation, or the period the corporation has been in existence if less.

A NONRESIDENT ALIEN TRUSTEE, ADMINISTRATOR OR EXECUTOR of a trust or and estate is treated as a nonresident alien, even though all the beneficiaries of the trust or estate are citizens or residents of the U.S.



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1. GENERAL INFORMATION REGARDING FIRPTA AND SELLER'S AFFIDAVIT OF NON-FOREIGN STATUS:

Internal Revenue Code ("IRC") §1445 provides that a transferee ("Buyer") of a U.S. real property interest must withhold tax if the Transferor ("Seller") is a "foreign person". In order to avoid withholding, IRC §1445(b) requires that the Seller: (a) provide an Affidavit to the Buyer with the Seller's Social Security Number ("SSN") or the Taxpayer Identification Number ("TIN"), or (b) provides a proper Affidavit, (such as this form) including Seller's SSN or TIN, to a "Qualified Substitute" who furnishes a statement to the Buyer under penalty of perjury that the qualified substitute has such Affidavit in their possession. A Qualified Substitute may be (i) an attorney, title company, or escrow company (but not the Seller's agent) responsible for closing the transaction, or (ii) the Buyer's agent.

2. SELLER'S INFORMATION:

A. PROPERTY ADDRESS (Property being transferred): 2240 Eastridge Ave, Menlo Park, CA 94025 ("Property")

B. TRANSFEROR'S NAME: Kelly Grover ("Transferor")

C. AUTHORITY TO SIGN: If this document is signed on behalf of an Entity Transferor, THE UNDERSIGNED INDIVIDUAL DECLARES THAT HE/ SHE HAS AUTHORITY TO SIGN THIS DOCUMENT ON BEHALF OF THE Transferor.

D. EXEMPTION CLAIMED: I, the undersigned, declare under penalty of perjury that, for the reason checked below, if any, I am exempt (or if signed on behalf of an Entity Transferor, the Entity is exempt) from the federal withholding law ("FIRPTA").

- (For individual Transferors) I am not a nonresident alien for purposes of U.S. income taxation.
- (For corporation, partnership, limited liability company, trust and estate Transferors) The Transferor is not a foreign corporation, foreign partnership, foreign limited liability company, foreign trust or foreign estate, as those terms are defined in the Internal Revenue Code and Income Tax Regulations.

3. QUALIFIED SUBSTITUTE OR DIRECT DELIVERY TO BUYER:

A. TRANSFEROR'S USE OF QUALIFIED SUBSTITUTE (TITLE OR ESCROW) TO SATISFY FIRPTA.

- (i) A Qualified Substitute shall be used in this transaction to satisfy the requirements under Internal Revenue Code §1445. Seller shall provide a completed Affidavit to the Qualified Substitute, who will furnish a statement to the Buyer stating, under penalty of perjury that the Qualified Substitute (i) has the Seller's Affidavit; (ii) the Affidavit is complete; and (iii) the Seller states in the Affidavit that no withholding is required because an exemption is claimed.
- (ii) Qualified Substitute and listing Broker shall NOT provide the information in paragraph 3B to Buyer.

OR B. ("If checked") TRANSFEROR'S ADDITIONAL INFORMATION DIRECT TO BUYER: Seller shall complete the information below and provide a completed form to Buyer.

- (i) Social Security Number ("SSN") or Taxpayer Identification Number ("TIN"): _____
- (ii) Address: _____
(Use HOME address for individual Transferors. Use OFFICE address for an "Entity" i.e., corporations, partnerships, limited liability companies, trusts, and estates).
- (iii) Telephone Number: _____

4. CALIFORNIA WITHHOLDING:

Seller agrees to provide Escrow Holder with necessary information to comply with California Withholding Law Revenue and Taxation Code, §18662

I understand that this Affidavit may be disclosed to the Internal Revenue Service by the Transferee, and that any false statement I have made herein may result in a fine, imprisonment or both.

Signed by Kelly Grover Date 9/7/2022
By _____
(Transferor's Signature)(Indicate if you are signing as the Trustee of a revocable/grantor trust.)

Printed name Kelly Grover Title (if signed on behalf of Entity Transferor) _____

Buyer's unauthorized use or disclosure of Seller's SSN or TIN could result in civil and/or criminal liability.

Buyer _____ Date _____
(Buyer acknowledges receipt of a Copy of this Seller's Affidavit)

Buyer _____ Date _____
(Buyer acknowledges receipt of a Copy of this Seller's Affidavit)

IMPORTANT NOTICE: An Affidavit should be signed by each individual or entity Transferor to whom or to which it applies. Before you sign, any questions relating to the legal sufficiency of this form, or to whether it applies to you or to a particular transaction, or about the definition of any of the terms used, should be referred to an attorney, certified public accountant, or other professional tax advisor, the Internal Revenue Service, or the California Franchise Tax Board.

FEDERAL GUIDELINES

FOREIGN PERSONS DEFINED. The following general information is provide to assist sellers in determining whether they are “foreign persons” for purposes of the Foreign Investment in Real Property Tax Act (“FIRPTA”), IRC §1445. FIRPTA requires a buyer to withhold and send to the IRS 15% of the gross sales price of a United States (“U.S.”) real property interest if the seller is a foreign person. Certain restrictions and limitations apply. No withholding is required for a seller who is a U.S. person (that is, not a foreign person). In order for an individual to be a U.S. person, he/she must be either a U.S. citizen or a U.S. resident alien. The test must be applied separately to each seller in transactions involving more than one seller. Even if the seller is a foreign person, withholding will not be required in every circumstance.

NONRESIDENT ALIEN INDIVIDUAL. An individual whose residence is not within the U.S. and who is not a U.S. citizen is a nonresident alien. The term includes a nonresident alien fiduciary. An alien actually present in the U.S. who is not just staying temporarily (i.e., not a mere transient or sojourner) is a U.S. resident for income tax purposes. An alien is considered a U.S. resident and not subject to withholding under FIRPTA if the alien meets either the **green card test** or the **substantial presence test** for the calendar year.

GREEN CARD TEST. An alien is a U.S. resident if the individual was a lawful permanent resident of the U.S. at any time during the calendar year. This is known as the “green card test.”

SUBSTANTIAL PRESENCE TEST. An alien is considered a U.S. resident if the individual meets the substantial presence test for the calendar year. Under this test, the individual must be physically present in the U.S. on at least: (1) 31 days during the current calendar year, and (2) 183 days during the current year and the two preceding years, counting all the days of physical presence in the current year but only 1/3 the number of days present in the first preceding year, and 1/6 the number of days present in the second preceding year.

DAYS OF PRESENCE IN THE U.S. TEST. Generally, a person is treated as physically present in the country at any time during the day. However, if a person regularly commutes to work in the U.S. from a residence in Canada or Mexico, or is in transit between two points outside the U.S. and is physically present in the country for less than 24 hours, he/she is not treated as present in the U.S. on any day during the transit or commute. In addition, the individual is not treated as present in the U.S. on any day during which he/she is unable to leave the U.S. because of a medical condition which arose while in the U.S.

EXEMPT INDIVIDUAL. For the substantial presence test, do not count days for which a person is an exempt individual. An exempt individual is anyone in the following categories:

- (1) An individual temporarily present in the U.S. because of (a) full-time diplomatic or consular status, (b) full-time employment with and international organization or (c) an immediate family member of a person described in (a) or (b).
- (2) A teacher or trainee temporarily present in the U.S. under a “J” visa (other than as a student) who substantially complies with the requirements of the visa. An individual will not be exempt under this category for a calendar year if he/she was exempt as a teacher/trainee or as a student for any two calendar years during the preceding six calendar years.
- (3) A student temporarily present in the U.S. under an “F” or “J” visa who substantially complies with the requirements of the visa. Generally, a person will not be exempt as a student for any calendar year after the fifth calendar year for which he/she was exempt as a student, teacher or trainee. However, the individual may continue to be exempt as a student beyond the fifth year if he/she is in compliance with the terms of the student visa and does not intend to permanently reside in the U.S.

CLOSER CONNECTION TO A FOREIGN COUNTRY. Even if an individual would otherwise meet the substantial presence test, that person is not treated as meeting the test for the current year if he/she:

- (1) Is present in the U.S. on fewer than 183 days during the current year, and
- (2) Has a tax home in a foreign country and has a closer connection to that country than to the U.S.

SPECIAL RULES. It is possible to be both a nonresident alien and a resident alien during the same tax year. Usually this occurs for the year a person arrives in or departs from the U.S. Other special provisions apply to individuals who were U.S. residents for at least three years, cease to be U.S. residents, and then become U.S. residents again.

NON-RESIDENT ALIEN INDIVIDUALS MARRIED TO U.S. CITIZENS OR RESIDENT ALIENS may choose to be treated as resident aliens for most income tax purposes. However, these individuals are considered **nonresidents** for purposes of withholding taxes.

A FOREIGN PERSON OR PARTNERSHIP is one that does not fit the definition of a domestic corporation or partnership. A domestic corporation or partnership is one that was created or organized in the U.S., or under the laws of the U.S., or of any U.S. state or territory.

GUAM AND U.S. VIRGIN ISLANDS CORPORATIONS. A corporation created or organized in or under the laws of Guam or the U.S. Virgin Islands is not considered a foreign corporation for the purpose of withholding tax for the tax year if:

- (1) at all times during the tax year, less than 25% in value of the corporation’s stock is owned, directly or indirectly, by foreign persons, and
- (2) at least 20% of the corporation’s gross income is derived from sources within Guam or at least 65% of the corporations income is effectively connected with the conduct of a trade or business in the U.S. Virgin Islands or the U.S. for the 3-year period ending with the close of the preceding tax year of the corporation, or the period the corporation has been in existence if less.

A NONRESIDENT ALIEN TRUSTEE, ADMINISTRATOR OR EXECUTOR of a trust or and estate is treated as a nonresident alien, even though all the beneficiaries of the trust or estate are citizens or residents of the U.S.



BUYER AND SELLER ADVISORY

Property Address: 2240 Eastridge Ave, Menlo Park, CA 94025

BEWARE OF WIRE FRAUD

Online banking fraud is on the rise. Be safe so you do not lose your money by wiring your funds to the wrong account. In this transaction, the buyer will be asked to wire funds into escrow, or the seller may be asked to provide wiring instructions to receive their net proceeds from the sale. Scammers and con artists can sometimes find out when a real estate transaction is pending and may send you a realistic-looking, but bogus email, disguised to make you think it came from the escrow company, your agent, mortgage broker, or a trusted related party to the transaction. The email may have a title such as: WIRE TRANSFER INSTRUCTIONS and will instruct you to wire funds to an "escrow" account. The email may be bogus. Do NOT follow the instructions without verification. If you do, your funds will be lost and may never be recoverable. If you receive an email from anyone, instructing you to wire funds relating to your real estate transaction, call your escrow officer or real estate agent immediately to verify the information BEFORE you wire any funds. Do not call any telephone numbers listed on an email. Only call the phone number you know to be correct. For your security NEVER WIRE FUNDS to any account WITHOUT FIRST CALLING YOUR ESCROW OFFICER OR REAL ESTATE AGENT TO VERIFY.

OWNER'S TITLE INSURANCE

It is now "optional" for buyers to purchase an owner's title insurance policy when buying real property. Nevertheless, Sereno STRONGLY ADVISES buyers to always purchase title insurance. As a buyer, you must make sure that the property will indeed be yours when you close escrow and that no one else has any recorded right, lien, or claim to your property that you don't know about. Before issuing a policy, the title company performs an extensive search of relevant public records to determine if anyone else has a recorded interest in the property and insures the buyer that none exists except those that are reported in the title insurance policy. Buyers should NEVER purchase property without title insurance.

NON-CONTINGENT PURCHASE OFFERS

In a "seller's market" when there are many buyers competing for the purchase of few properties, buyers are sometimes tempted to make a purchase offer without including the contingencies that are normally part of the contract, such as the inspection contingency, loan contingency, and appraisal contingency. These contingencies are for the buyer's protection and Sereno strongly recommends that these contingencies be included in the purchase offer and that they not be waived by the buyer just to make the offer more attractive to the seller. If a non-contingent offer is made and accepted, then the buyer is legally obligated (with rare exception), to complete the purchase regardless of property defects that are discovered during escrow, regardless of whether the buyer qualifies for the intended purchase loan, and regardless of whether the property is appraised at the purchase price. If the buyer fails to complete the purchase of a non-contingent contract, the buyer will generally be in breach of contract, and the buyer's deposit will be at risk of loss. Deposit disputes often result in mediation, arbitration, attorney fees, costs, and delays. Sereno recommends against non-contingent purchase offers.

CALIFORNIA DROUGHT ADVISORY

The State of California is currently experiencing an extreme drought. On January 17, 2014, the Governor of the State of California proclaimed a drought emergency based on the State's water supply storage and outlook. Local City and County water service providers have imposed restrictions that limit water usage on property in their respective jurisdictions. Regulations vary by local water jurisdiction but can include:

- Restrictions on the days of the week and time of day when outdoor landscaping can be irrigated.
- Restrictions on monthly water usage with monetary penalties for usage in excess of the limits.
- Restrictions on swimming pools and water fountains.

Water-conserving regulations may result in insufficient water to maintain lawns and landscaping on your property which may cause grass, plants and trees to die. Water features on the property may be rendered unusable and agriculture and livestock use may be limited. You may be prohibited from installing a pool or water feature. Buyers are strongly advised to check the water conservation regulations applicable to this property and investigate how the drought rules may affect it. Buyer acknowledges that real estate agents and brokers have no responsibility for investigating the water restrictions applicable to this property.

FLOOD INSURANCE

Mortgage lenders may require buyers to purchase flood insurance in connection with your purchase of the property. The National Flood Insurance Program (NFIP) provides for the availability of flood insurance but also establishes flood insurance policy premiums based on the risk of flooding in the area where properties are located. Due to recent amendments to federal law governing the NFIP, those premiums are increasing, and in some cases will rise by a substantial amount over the premiums previously charged for flood insurance for the property. You should not rely on the premiums previously paid for flood insurance on this property as an indication of the premiums that will apply after you complete your purchase. You should consult with several carriers of flood insurance for a better understanding of flood insurance coverage, the premiums that are likely to be required to purchase such insurance, and how those premiums may increase in the future.

WEED ABATEMENT AND ASSESSMENTS

Many counties have weed abatement programs that require property owners to control excess weeds and brush, so they don't become a hazard to the properties around them. In most counties owners of vacant lots are contacted about the need to mow/abate the weeds and overgrowth. Property owners are given the option of either cutting the weeds themselves or having the city contractor abate the weeds for them (which is then billed to the current year's property taxes and includes a \$100 administrative fee.) Buyers are advised to research the county records to determine any assessments currently billed to the applicable property.

WOOD BURNING DEVICE COMPLIANCE

Residential wood burning is the leading source of wintertime air pollution in the Bay Area and studies have confirmed there are significant health impacts from exposure to fine particulate matter found in wood smoke. When the BAAQMD issues a Winter Spare the Air Alert during the winter season from November 1 through the end of February, it is illegal to burn wood, manufactured fire logs, pellets, or any solid fuels in

fireplaces, wood stoves, or outdoor fire pits. To check when a winter Spare the Air Alert is issued and it is illegal to burn wood, please visit www.baaqmd.gov or www.sparetheair.org.

INSPECTION INFORMATION

Sereno strongly recommends that you insist on written reports with respect to inspections or other investigations regarding the property you are selling or acquiring. An oral statement reporting the results of an inspection cannot be relied upon in any future negotiations or disputes with either the company giving you the report or with the party you are dealing with in the sale or purchase of the property.

Structural Pest Control: Approximate Cost - \$200 to \$500

To identify existing or potential pests, dry rot, fungus & other structure threatening infestation or conditions. The initial inspection fee covers only those areas that are accessible areas to the inspector. Inspections of inaccessible areas cost more and are subject to an estimate by the inspector. These inspectors must be licensed and can give estimates to correct problems.

General Home Inspection: Approximate Cost - \$500 to \$700

Identifies material defects in the essential components of a property based upon a non-invasive physical inspection. There is no licensing requirement for someone to be a home inspector.

Roof Inspection: Approximate Cost - \$75 to \$250

Checks general roof condition including wear & tear.

Pool Inspection: Approximate Cost \$100 to \$300.

Checks general condition of the pool.

Structural Engineer: Approximate Cost \$500 to \$1,000

Checks the structure of the house for settling, condition of the foundation, and possibly drainage issues.

HOA DOCUMENTS AND DISCLOSURES

Buyers are advised that the homeowner's association for a property in an HOA is required by law and by the Purchase Agreement (CAR Par 10F) to provide the Buyer with certain documents. When a Seller submits to the HOA the CAR form HOA-IR the HOA is to return the form including the completed CAR form HOA-RS and HOA-RN and the disclosure documents listed on those forms. If Buyer closes escrow without receiving these documents, there might be information about the HOA that, if known by the Buyer, might negatively affect the Property or its value. If CAR forms HOA-IR, RS and RN are not provided, the Buyer will receive any substitute forms provided by the HOA.

NEW GARAGE DOOR OPENERS REQUIRE BATTERY BACKUP

California law now requires all garage door openers that are sold or installed in a residential property after July 1, 2019, to be equipped with battery backup. The law was enacted in response to wildfires that left people trapped in their garages with no power to the garage door openers. Homeowners must install a battery backup opener when a new door is installed or when they replace their existing opener. Existing openers in use will not have to be replaced with battery backup openers unless the door is replaced.

INSURANCE FOR VACANT HOMES

Under many homeowner's insurance policies, when a property has been vacant or unoccupied for more than 60 (or sometimes 30) consecutive days before a loss or damage occurs, there is NO COVERAGE. If you move out of your home to be sold or renovated, and it remains unoccupied for 60 days or more, this could trigger the exclusion from coverage for vacant homes. This leaves the homeowner at risk of an uninsured loss from fire, theft, vandalism, personal injury, and other losses that would otherwise be covered. Check your homeowner's insurance policy for the specific language regarding the vacant home exclusion. Some insurance companies offer vacant home insurance. Consult with your insurance agent to make sure you are covered.

CITY OF SAN JOSE REAL PROPERTY TRANSFER TAX

Effective July 1, 2020, the Santa Clara County Clerk-Recorder's Office collects the San Jose Real Property Transfer Tax imposed on each transfer of real property located in the City of San Jose when the value of the consideration is \$2,000,000 or more, unless exempt.

As used in the ordinance, "value of the consideration" means the total consideration, valued in money of the United States, paid or delivered or contracted to be paid or delivered in return for the transfer of real property,..." which is also defined as the "...fair market value of the property at the time of transfer..." Buyers and sellers are both jointly and severally liable for payment of the tax. Payment of the tax can be allocated between buyer and seller in the CAR Residential Purchase Agreement in Par. 7D by designating who will pay the "City transfer tax or fee".

Transfers under \$2,000,000 are exempt from the Transfer Tax. Transfers of \$2,000,000 or more are taxed at one of the following rates applied to the full value of the consideration:

- \$2,000,000 to \$5,000,000 - 0.75%
- \$5,000,000.01 to \$10,000,000 - 1.00%
- Over \$10,000,000 - 1.50%

For example, a transfer of real property where the value of consideration is \$2,500,000 would be taxed at a rate of 0.75% so the tax owed would be \$18,750.

For questions related to the San Jose Real Property Transfer Tax, please contact the City of San Jose directly. Inquiries may be directed to Mr. Bryan Howard, Program Manager, Department of Finance – Revenue Management, at Bryan.Howard@sanjoseca.gov. You should consult with your tax advisor for more guidance.

SEWER LATERAL INSPECTION AND REPAIR

Many cities and counties require sellers of real property located in their jurisdictions, to have the sewer lateral connection pipe inspected by a qualified inspector, repaired as necessary and certified prior to the sale of the property. Some exemptions apply. The requirements are different in each jurisdiction, so buyers and sellers must familiarize themselves with the ordinance applicable to their property. The cost of compliance can be significant and should be factored into the purchase price or otherwise allocated in the purchase contract if permitted by the local jurisdiction.

ADVISORY ON THE USE OF CAMERAS IN HOMES LISTED FOR SALE.

Audio Recording. It is illegal to record a “private conversation” (audio) without the person's consent (CA Penal Code 632). A private conversation is one where the parties have an objectively reasonable expectation that no one is listening in or overhearing the conversation. Homeowners should disable audio recording whenever buyers or agents are present on the property.

Video Recording. It is legal to record video in the home, except in an area where the person has a reasonable expectation of privacy (i.e., bathroom or changing room). Hence video cameras, with audio recording disabled, may remain active (except in bathrooms) when a property is listed for sale.

BUYER LETTERS AND POTENTIAL DISCRIMINATION

A “buyer letter” is sometimes written to introduce the buyer to the seller and provide reasons why the seller should accept their offer. Such letters personalize what otherwise is a strictly business transaction. However, buyer letters that are submitted to the seller in support of an offer to purchase can create a risk of unlawful discrimination. It is essential that buyers, sellers, and agents avoid discrimination in real estate transactions.

If the letter emphasizes the buyer’s protected class or characteristics, then it might cause the seller to choose (or reject) the buyer based on discriminatory factors. If, intentionally or unconsciously, a seller treats one person’s offer differently from another’s offer, and that difference is based on a protected class or category, then the seller has wrongfully discriminated against the buyer and is potentially exposed to a fair housing claim. Focusing on neutral factors will minimize the possibility of unlawful bias.

You are strongly encouraged to read the CAR Fair Housing & Discrimination Advisory which summarizes fair housing laws and lists the protected classes and categories of buyers.

Sellers. If sellers prefer to avoid this discrimination risk, sellers may choose to instruct their agent not to accept or forward any buyer letters. Sellers should focus solely on the objective terms of the purchase offer in selecting a buyer. Unless you instruct your agent otherwise, all buyer letters received will be submitted to the seller along with the offer. If you consider buyer letters, you are advised to speak with legal counsel before deciding on which offer to accept and to document neutral criteria applied to all offers that are used in the decision-making process

Buyers. Buyers who choose to write a “buyer letter” should avoid writing about any protected class factors. It is ok to write a letter stating how much you love the property but stay away from personal information that might lead to unlawful discrimination. Your real estate agent is not licensed to practice law and will not review your letter for legal compliance. You should retain independent legal counsel to review your buyer letter before it is delivered to a seller.

SANTA CRUZ COASTAL SPECIFIC ITEMS

SWIMMING POOL ENCLOSURE ORDINANCE

The County of Santa Cruz requires that all new and modified residential one and two-family dwelling (R-3) swimming pool enclosures meet the requirements of the Swimming Pool Enclosure Ordinance (“Ordinance”), codified in Santa Cruz County Code §12.10.216. The Ordinance applies to all swimming pools, spas and hot tubs, including in-ground, aboveground, on-ground, and fixed-in-place swimming pools, located on the premises of residential one and two-family dwellings in the unincorporated areas of Santa Cruz County. In addition to mandating compliance with specific pool enclosure standards, the Ordinance requires the Seller of such a dwelling to provide written certification of compliance with the Ordinance to the Buyer upon transfer of the property to the Buyer. Certification can only be issued by a Certified Home Inspector or County building inspector with a building permit. A real estate licensee cannot issue certification of compliance with the Ordinance.

VACATION RENTAL ORDINANCE

The Vacation Rental Ordinance (VRO) applies to a single-family dwelling unit, duplex, or triplex (including condominium and townhouse units, but not including apartments or manufactured homes in a mobile home park), rented for the purpose of overnight lodging for a period of not more than thirty (30) days. Each County may have different requirements. The VRO applies to the entire unincorporated area of Santa Cruz County (but not incorporated cities and not Pajaro Dunes or Seascape Beach Resort). Each residential vacation rental owner may be required to obtain a permit and meet the regulations and standards set forth in the County Code, including any required payment of transient occupancy tax for each residential vacation rental.

AGRICULTURAL LAND PRESERVATION AND PROTECTION ORDINANCE

The Counties have a strong rural character and an active historical agricultural sector. As a property owner or lessee you should be prepared to accept properly conducted agricultural practices that are allowed by Federal, State and County laws and regulations, are consistent with accepted customs and standards and are operated in a non-negligent manner. Accepted agricultural practices that may cause inconveniences to property owners may include but are not limited to: noise, odors, fumes, dust, smoke, pests, operation of farm equipment, storage and application and disposal of manure and the application of pesticides and fertilizers by ground or air. The County of Santa Cruz will not consider an agricultural practice to be a nuisance if implemented in accordance with Federal, State and local law.

PLUMBING FIXTURE RETROFIT ORDINANCE

Residential, commercial and industrial buildings in the County of Santa Cruz and Monterey are required to be retrofitted completely, if not already conforming, with high efficiency plumbing fixtures at the time of sale of the property. Under the law, the seller of the property is responsible of the following:

1. Replacing any toilets, showerheads and urinals that don't meet high efficiency standards.
2. Obtaining a Water Conservation Certificate from the County of Santa Cruz Water Conservation Program.
3. Disclosing retrofit requirements to the buyer of the property, before the property changes ownership.

Copies of the written disclosure form and the Water Conservation Certificate must be included with documents transferring title to the property.

The ordinance allows the seller the option to transfer the retrofit responsibility to the buyer. Both parties must agree that the buyer assumes the responsibility. If so, the buyer has ninety (90) calendar days from the date of the sale to complete the retrofit. The seller and buyer must fill out the Transfer of Responsibility to Retrofit Form and file with the Water Conservation Program.

CITY OF SANTA CRUZ SEWER LATERAL ORDINANCE

Beginning July 1, 2019, sellers of real property located in the City of Santa Cruz will be required to have the sewer lateral inspected by video by a city-certified sewer inspector prior to the sale of the property. If the lateral passes inspection, the City will issue a certificate for sale of property. If it does not pass inspection then either the seller must repair the lateral prior to sale, or the buyer must agree to repair the lateral within 90 days after the sale. Certain exemptions apply and rebates may be available. Buyer and seller should review the Ordinance for important details.

Link to City-Certified Inspectors: <http://www.cityofsantacruz.com/sewerinspectorlist>

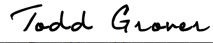
The seller may be responsible for providing the buyer with a copy of the completed inspection form and a copy of the sewer lateral inspection video.

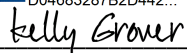
CITY OF CAPITOLA / SANTA CRUZ COUNTY SEWER LATERAL ORDINANCE

Capitola and surrounding areas that are in the jurisdiction of the Santa Cruz County Sanitation District are subject to the County Sewer Ordinance (Chapter 7.04). According to the Ordinance, if the property is connected to the sewer system, was built more than 20 years ago and has not had a sewer inspection in the past 20 years then, before the close of escrow

- The Seller may have to have the sewer system inspected and certified by a licensed plumber
- The Seller may have to pay for any sewer repairs noted by the plumber.
- The Seller may have to pay to install a clean-out and overflow device if needed.

The testing, inspection and repair shall be the responsibility of the seller and is not transferable to the buyer.

Date: 9/8/2022 Seller:  Todd Grover

Date: 9/7/2022 Seller:  Kelly Grover

Date: _____ Buyer: _____

Date: _____ Buyer: _____

Unless expressly stated otherwise, any information forwarded to you by a Sereno agent in this transaction was supplied by a third-party source. Sereno believes the information is correct, but we have not verified the information and assume no legal responsibility for its accuracy. Buyer should investigate and verify the accuracy of all information received from any other source.


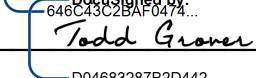


Preliminary Title Report Advisory

The Preliminary Title Report that you will receive for your future property has items identified as "EXCEPTIONS TO TITLE" and may also include "HYPERLINKS". Some of the exceptions appear on every title report as standard items such as annual property taxes or "CC&Rs" for a condominium purchase. Other exceptions may not be standard and will deserve special attention. Easements, encroachments, liens, and other miscellaneous items may affect the property, its use and future development. Detailed information concerning the exceptions are available in the form of either a **blue hyperlink** on the digital version of the Report that you can **CLICK** to view documents or as printed copies of documents that can be requested from your title company.

In addition, we will be providing you a PDF file which includes the exceptions noted in the Preliminary Report to facilitate your review. Please let your agent know right away if you have any difficulty reviewing and familiarizing yourself with these exceptions.

We strongly recommend that you carefully review the details of the exceptions to title so that you fully understand their impact on ownership. Typically, the Title Officer is available to review and explain any exceptions to title that come up. If you need additional information, you should consult with a qualified California real estate attorney who can assist you. Real estate agents are not legally trained to advise on the meaning or effect of such documents.

Seller :		Date: 9/7/2022
Seller :		Date: 9/8/2022
Buyer :	_____	Date: _____
Buyer :	_____	Date: _____



www.prdforms.com

**PRDS® ADVISORY REGARDING MARKET CONDITIONS,
 MULTIPLE AND NON-CONTINGENT OFFERS,
 FINANCING/APPRaisal AND PROPERTY CONDITION**

DESIGNED FOR USE WITH PRDS® FORMS



The residential real estate market is, and historically has been, cyclical. Bay Area housing values have experienced repeated up-turns - - with extraordinary price increases in some cases - - and down-turns, where home sale prices descend, in some cases dramatically. Factors contributing to these home price swings include national and local economic conditions and business cycles, and especially the significant and sometimes immediate influence that business advances and declines related to high-tech, bio-tech and other business enterprises exert on the housing sector. Beyond that, the fact that Bay Area housing demand often exceeds housing supply furnishes another important explanation for occasionally intense competition for limited housing stock. Your real estate agent cannot predict market swings, and whether and to what extent real property purchased today will, in the future, appreciate or depreciate in value. In view of these real estate price dynamics, the parties to the Purchase Contract herein are advised of the following:

1. **Multiple Offers and Fair Market Value:** When it comes to residential housing offered for sale, this persistent imbalance of inventory and demand can give rise to “multiple offer” situations, wherein two or more sets of prospective buyers compete - - sometimes fiercely - - for the same property. Vigorous competition can drive a sales price well above asking price and, for that matter, substantially above a figure that would realistically be considered “fair market value”. One peril for the Buyer in such a setting is that an artificially high purchase price can compound the economic consequences of a Buyer’s need to sell the property before it has an opportunity to appreciate (if it will at all) to a level reflecting the actual purchase price, thus resulting in the possibility of a net loss to Buyer at time of sale.
2. **Financing and Appraisal Issues and Risks:** Another peril for a Buyer who has “won” such a bidding competition can include inability or difficulty obtaining financing from a lender whose objectively derived appraisal cannot support the actual price paid. A lender’s decision to approve of a Buyer as borrower takes into account an evaluation both of Buyer’s **creditworthiness**, i.e., the prospects for the Buyer’s ability to continuously make mortgage payments and **appraisal**, i.e., an objective fair market valuation of the property.

Where the subject property is appraised at a price considerably below the actual purchase price, the lender will typically decline to make the loan unless the Buyer is willing to provide enough **increased down payment** to cover the difference between the loan amount applied for and the amount the lender (once in receipt of the appraisal) is ultimately willing to lend. This increased down payment requirement can be substantial and, depending on financing contingency status, Buyer’s inability to bring in that increased amount may expose Buyer to forfeiture of his deposit, or worse. (It bears noting that, where the Liquidated Damages clause is not made a part of the purchase contract, the economic exposure to a defaulting Buyer has no limit or “cap”.)

Another financing-related risk arises where a Buyer with a loan contingency is putting such a substantial amount of money down that, even with an appraisal far below the Buyer’s purchase price, the lender is still willing to lend on strength of an auspicious loan-to-value ratio. The “risk,” therefore, lies in Buyer’s contractual obligation to proceed with removal of the financing contingency (even though the property didn’t “appraise out” and Buyer feels he paid too much for the property), all because the lender is indeed willing to lend.

Buyer’s Initials: (_____) (_____)

Seller’s Initials: (^{DS} TG) (^{DS} KG)

PRDS ADVISORY REGARDING MARKET CONDITIONS, MULTIPLE AND NON-CONTINGENT OFFERS, FINANCING/APPRaisal AND PROPERTY CONDITION (Page 2 of 2)

3. Non-contingent Offers; Associated Risks: A contingency is a contractual condition (e.g., Buyer’s approval of the physical condition of the Property) based upon which a Buyer, acting in good faith, can elect to not proceed with the transaction and can recover, without penalty or sanction, Buyer’s deposit. Financing, property condition, insurance, title and other contingencies stand as important protections to a Buyer. Accordingly, a Buyer whose offer is fully “non-contingent” - - wherein all contingencies are waived - - foregoes important protections. Among these is the right to cancel the contract based upon an inability to obtain financing or upon a post-acceptance discovery of serious physical defects and other problems. It is important to note that the discovery during escrow of previously unknown defects *does not* (absent fraud) create for the non-contingent Buyer a new right to terminate the contract.

Inherent in Buyer’s decision of what price and terms to include in an offer is (on one end of the spectrum) the risk that a non-contingent contract, while attractive to a Seller, exposes the Buyer to the risk of having to either go through with the purchase of a possibly defective property or withdraw and suffer the economic consequences of default. At the other end of the spectrum is the risk that the Seller will reject Buyer’s contingent-laden offer in favor of a competing offer with few or no contingencies.

Notwithstanding these important concerns, a Buyer who is determined to prevail as successful bidder may freely elect to assume these risks of non-contingency, preferring instead to generate an offer sufficiently attractive to a Seller that the “risk” of being outbid by a competing offer is correspondingly reduced. **Each buyer must, upon careful deliberation, decide how much of which risk he or she is willing to assume.** Risk factors vary in each transaction and must be thoughtfully considered in each case. For example, where a non-contingent buyer has access to a seller-provided pre-sale disclosure “packet” containing essential inspection reports produced by reliable, reputable professionals, the risk to that buyer regarding those issues is far lower than it would be where no inspections have been undertaken at all. The latter involves maximum risk, and is strongly discouraged by Broker.

4. Property Condition: Irrespective of prevailing market conditions, Buyer is encouraged to engage property inspection professionals to examine the subject property, particularly where the Seller has not obtained and delivered to Buyer (prior to Buyer’s submittal of an offer) a pre-sale property inspection report from a professional and disinterested property inspection expert. As stated above, a decision by Buyer to waive contingencies relating to property condition should be made only upon careful deliberation. Buyer should also review in advance such existing disclosures, inspection reports, building permit file records and other materials that could provide information and insights as to condition, value and desirability. Buyer should carefully review Seller and agent information provided in the Transfer Disclosure Statement and any additional disclosure (e.g., the PRDS Supplemental Seller Checklist) information. Additionally, where the contract provides for a pre-close of escrow “Walk-Through” (and whether the transaction is or is not “non-contingent”), Buyer should avail himself of that right and opportunity.

**This Advisory may be signed electronically and/or in counterpart.
The undersigned acknowledge receipt of a copy of this Advisory.**

Date: _____ **Date:** 9/8/2022

Buyer: _____ **Seller:** 

Buyer: _____ **Seller:** 

Buyer’s Initials: (_____) (_____)

Seller’s Initials:  



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**PRDS® ADVISORY AND CONSENT REGARDING
MULTIPLE AGENCY AND DUAL AGENCY**
DESIGNED FOR USE WITH PRDS® PURCHASE CONTRACT



Real estate brokerage companies vary in terms of number of sales agents and branch offices. Larger brokerages may, at any one time, service hundreds of listings and address the needs of thousands of individual clients. Client is advised that such circumstance, coupled with limited housing inventories and expanding demand for homes, can engender vigorous competition for the same property by numerous buyers and result in situations (referred to herein as "Multiple Agency") wherein two or more sets of buyers are represented by agents from the same brokerage company. Related to Multiple Agency (and included within the scope of that term for purposes of this document) are situations wherein a buyer client is introduced to and shown properties that are listed with the same brokerage to which that buyer's agent belongs.

"Dual Agency" arises when (1) both the buyer and seller of a particular property are represented by the same, individual agent or (2) the buyer and seller are separately represented by different agents of the same brokerage company. Dual Agency is recognized and accepted under California law as a legally authorized agency relationship, and is addressed in the "Disclosure Regarding Real Estate Agency Relationships" form required by Civil Code Section 2079.13, et seq. and provided to Client. When consented to by the subject buyer and seller, a listing agent is thus permitted by law to represent said listing agent's own buyer client (if any) in the showing and eventual sale of property listed by that agent, and may present offers for that buyer on properties listed by other agents affiliated with the same brokerage. Client is nevertheless advised, and acknowledges and understands, that conflicts of interests can and do arise in Dual Agency situations due to the inherently competing interests of buyers and sellers of a particular property and the fact that one single brokerage company, and the agent(s) involved, owe a fiduciary duty to buyer and seller both.

As to any such conflict or dispute, Client understands and agrees that Agent may seek guidance and counsel from Agent's managing broker or broker of record (as applicable) to assist in achieving a fair and impartial resolution. Client acknowledges and accepts Agent's affirmation of brokerage fiduciary duties and responsibilities and Agent's commitment to devote best efforts to fairly and ably resolve such conflicts and other disputes in a manner that favors the interests of neither party over the other. Additionally, Client accepts that, although Agent commits to the full and faithful disclosure to both Buyer and Seller of all material information (of which Agent is aware) reasonably bearing on value or desirability of the subject property, Agent will not (without written consent):

- (a) reveal to Buyer the fact or extent of any willingness by Seller to sell the property at a price, and/or upon terms, less than those set forth in the subject listing;
- (b) reveal to Seller the highest price and/or most Seller-favorable terms upon which Buyer is willing to buy the property; or
- (c) reveal to the other party to the transaction any information relating to any family, financial, health, occupational or other circumstance, purpose or motivation (not relating to condition, value or desirability of the property) that might influence or otherwise bear on Buyer's or Seller's decision to purchase or sell the property.

Client acknowledges and accepts the foregoing limitations and exceptions regarding disclosure by Agent, and acknowledges Agent's advice and recommendation to confer with legal counsel regarding Multiple Agency and Dual Agency and any decision to proceed on the basis thereof.

Client affirms that Client has read and considered the foregoing, and that Client expressly consents to, and hereby agrees to allow Agent and Agent's Broker to proceed on the basis of, Multiple Agency and Dual Agency on Client's behalf as explained herein.

_____	_____	DocuSigned by: <i>Todd Grover</i>	_____	9/8/2022
Client (Buyer)	Date	Client (Seller) DocuSigned by: <i>Todd Grover</i>	Todd Grover	Date
_____	_____	DocuSigned by: <i>Kelly Grover</i>	_____	9/7/2022
Client (Buyer)	Date	Client (Seller) DocuSigned by: <i>Kelly Grover</i>	Kelly Grover	Date
_____	_____	DocuSigned by: <i>Kevin Lu</i>	_____	9/8/2022
Agent for Client (Buyer)	Date	Agent for Client (Seller) DocuSigned by: <i>Kevin Lu</i>	Kevin Lu	Date
_____	_____	_____	<i>Sereno</i>	_____
Brokerage Company (please print)		Brokerage Company (please print)		



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PRDS® FAIR HOUSING LAWS & DISCRIMINATION ADVISORY
 DESIGNED FOR USE WITH PRDS® FORMS



Property Address: 2240 Eastridge Ave, Menlo Park, CA 94025 ("Property")

California law mandates that all housing must be made available to all persons. Discrimination means showing a bias against or a preference for anyone who is in a protected class. Discrimination in housing is illegal under state and federal law. This Advisory is designed to help Sellers, Landlords, Buyers and Tenants understand the relevant laws, to further the purposes of Fair Housing and to help eliminate discrimination in the selling and renting of real estate. This Advisory is not to be used by Sellers, Landlords, Buyers and Tenants as a substitute for securing their own advice from a qualified California real estate attorney and/or local landlord tenant attorney who is well versed in the Fair Housing Laws. Real estate Agents and Brokers are not qualified to provide advice regarding the Fair Housing Laws.

- FEDERAL & STATE FAIR HOUSING LAWS: (Note: This is not a complete list of all federal, state or local Fair Housing Laws)**
 - FEDERAL FAIR HOUSING ACT also known as Title VIII of the Civil Rights Act (42 U.S.C. §3601 et seq.) prohibits discrimination in the sale, rental or financing of residential housing on the basis of a person's protected class status.
 - CALIFORNIA FAIR EMPLOYMENT AND HOUSING ACT (California Government Code §12900 et seq and California Code of Regulations §12005-12271) prohibits discrimination in sales, rental or financing of housing opportunity against persons in protected classes by housing providers and providers of financial housing assistance.
 - CALIFORNIA UNRUH CIVIL RIGHTS ACT (California Civil Code §51) prohibits business establishments from discriminating against, and requires full and equal accommodation, advantages, facilities, privileges and services to persons in protected classes.
 - AMERICANS WITH DISABILITIES ACT (42 U.S.C. §12181 et seq.) prohibits discrimination based on disability in public accommodations.
- PROTECTED CLASSES OR CHARACTERISTICS AS SPECIFIED BY THE CALIFORNIA DEPARTMENT OF FAIR EMPLOYMENT AND HOUSING ("DFEH"):** When making decisions regarding who to rent or sell to, it is illegal to use any of the following criteria:
 - Race (including hair texture & style)
 - Color
 - Ancestry
 - Religion
 - Sex
 - Gender
 - Gender Identity
 - Gender Expression
 - Sexual Harassment
 - Sexual Orientation
 - Familial Status (children under 18)
 - Marital Status
 - National Origin
 - Disability (Mental and/or Physical)
 - Medical Condition
 - Military or Veteran
 - Primary Language
 - Immigration Status
 - Citizenship
 - Source of Income (including Section 8 & Other Vouchers)
 - Non-Relevant Criminal History
 - Age
- WHO MUST COMPLY WITH FAIR HOUSING LAWS?** Anyone who is involved in providing housing accommodations or financial services related to housing must comply with the Fair Housing Laws; that includes, but is not limited to, all of the following:
 - Sellers
 - Landlords
 - Sublessors
 - Real Estate Agents & Brokers
 - Appraisers
 - Property Managers
 - Lenders
 - Homeowners Associations ("HOA")
 - Mobile Home Parks
- ETHICAL AND LEGAL REQUIREMENTS FOR REAL ESTATE LICENSEES:**
 - NAR Code of Ethics Article 10 prohibits discrimination by REALTORS® in employment or in providing real estate licensed services against anyone on the basis of race, color, religion, sex, handicap, familial status, national origin, sexual orientation or gender identity.
 - Real Estate Regulation §2725(f) requires Brokers who supervise real estate licensees to familiarize salespersons with the requirements of federal and state laws relating to the prohibition of discrimination.
 - Violation of the Fair Housing Laws may result in the loss or suspension of the license of the Agent and/or Broker.
- LIMITED EXCEPTIONS TO FAIR HOUSING REQUIREMENTS:**
 - Properties that qualify as senior housing can discriminate on the basis of age and/or familial status, only, and not on any other basis.
 - Some owners of single-family residences may be exempt from the Fair Housing Laws IF no real estate licensee is involved in the sale or rental of their property, there is no discriminatory advertising and the owner owns no more than 3 single family residences. Since other restrictions may apply, no one should make any determinations regarding the applicability of any exception without first consulting with their own qualified California real estate attorney and/or local landlord tenant attorney who is well versed in the Fair Housing Laws.
- SOURCES OF ADDITIONAL INFORMATION:** In addition to consulting with appropriate legal counsel, the following resources may be able to provide useful information about the rights, duties and obligations of the Fair Housing Laws at the federal, state and local levels:
 - Federal Fair Housing website: https://www.hud.gov/program_offices/fair_housing_equal_opp
 - State of California Department of Fair Housing & Employment website: <https://www.dfeh.ca.gov/housing/>
 - State of California Department of Real Estate website: <https://www.dre.ca.gov/Consumers/FileComplaint.html>
 - Local: Check with the relevant County Fair Housing Council office (a non-profit, free service)

THE UNDERSIGNED ACKNOWLEDGE RECEIPT OF A COPY OF THIS ADVISORY

Date: 9/8/2022 Buyer/ Tenant: _____ Buyer/ Tenant: _____

Date: 9/8/2022 Seller/ Landlord: _____ Seller/ Landlord: _____

Print Name Todd Grover DocuSigned by: Todd Grover D04683287B2D442... Print Name Kelly Grover DocuSigned by: Kelly Grover 646C43C2BAF0474...

Print Name Todd Grover Print Name Kelly Grover



WIRE FRAUD AND ELECTRONIC FUNDS TRANSFER ADVISORY (C.A.R. Form WFA, Revised 12/21)

Property Address: 2240 Eastridge Ave, Menlo Park, CA 94025 ("Property").

WIRE FRAUD AND ELECTRONIC FUNDS TRANSFERS ADVISORY:

The ability to communicate and conduct business electronically is a convenience and reality in nearly all parts of our lives. At the same time, it has provided hackers and scammers new opportunities for their criminal activity. Many businesses have been victimized and the real estate business is no exception.

While wiring or electronically transferring funds is a welcome convenience, we all need to exercise extreme caution. Emails attempting to induce fraudulent wire transfers have been received and have appeared to be legitimate. Reports indicate that some hackers have been able to intercept emailed transfer instructions, obtain account information and, by altering some of the data, redirect the funds to a different account. It also appears that some hackers were able to provide false phone numbers for verifying the wiring or funds transfer instructions. In those cases, the victim called the number provided to confirm the instructions, and then unwittingly authorized a transfer to somewhere or someone other than the intended recipient.

ACCORDINGLY, YOU ARE ADVISED:

- 1. Obtain phone numbers and account numbers only from Escrow Officers, Property Managers, or Landlords at the beginning of the transaction.
2. DO NOT EVER WIRE OR ELECTRONICALLY TRANSFER FUNDS PRIOR TO CALLING TO CONFIRM THE TRANSFER INSTRUCTIONS. ONLY USE A PHONE NUMBER YOU WERE PROVIDED PREVIOUSLY. Do not use any different phone number or account number included in any emailed transfer instructions.
3. Orally confirm the transfer instruction is legitimate and confirm the bank routing number, account numbers and other codes before taking steps to transfer the funds.
4. Avoid sending personal information in emails or texts. Provide such information in person or over the telephone directly to the Escrow Officer, Property Manager, or Landlord.
5. Take steps to secure the system you are using with your email account. These steps include creating strong passwords, using secure WiFi, and not using free services.

If you believe you have received questionable or suspicious wire or funds transfer instructions, immediately notify your bank, and the other party, and the Escrow Office, Landlord, or Property Manager. The sources below, as well as others, can also provide information:

Federal Bureau of Investigation: https://www.fbi.gov/; the FBI's IC3 at www.ic3.gov; or 310-477-6565

National White Collar Crime Center: http://www.nw3c.org/

On Guard Online: https://www.onguardonline.gov/

NOTE: There are existing alternatives to electronic and wired fund transfers such as cashier's checks. By signing below, the undersigned acknowledge that each has read, understands and has received a copy of this Wire Fraud and Electronic Funds Transfer Advisory.

Buyer/Tenant _____ Date _____

Buyer/Tenant _____ Date _____

Seller/Landlord DocuSigned by: Todd Grover Date 9/8/2022

Seller/Landlord DocuSigned by: Kelly Grover Date 9/7/2022

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WILDFIRE DISASTER ADVISORY
(For use with properties in or around areas affected by a wildfire)
(C.A.R. Form WFDA, Revised 6/22)

1. **WILDFIRE DISASTERS:** Buyer/Lessee is aware that as a result of recent wildfire disasters there are current and unresolved health and safety concerns related to the aftermath and clean up of the wildfire disaster areas, as well as unknown and possible future concerns related to the rebuilding of infrastructure in the affected areas of the wildfires. Unfortunately, the impact of wildfires has not been limited to the fire areas themselves. Many areas have had air quality impacted by smoke and air particulates from distant fires. Additionally, fires continue to occur in previously unaffected areas. Fires may be an issue throughout the state of California.
2. **WILDFIRE DISASTER CONCERNS AND ISSUES:** The following non-exhaustive list represents concerns and issues that may impact Buyer/Lessee decisions about purchasing or leasing property impacted by a wildfire disaster, both currently and in the future. It is not intended to be, nor can it be, a check list for all issues that might arise when purchasing or leasing property impacted by a wildfire disaster; **concerns and issues include, but are not limited to:**
 - A. Insurance related issues such as past claims, the importance of identifying the insurability of the property, and the availability and the cost of insurance as early in the process as possible;
 - B. Lot clearing costs and requirements; toxic materials analysis, debris removal requirements;
 - C. Whether the home has been fire hardened, and if so to what extent, to help reduce the risk of the structure catching fire;
 - D. Local, state and federal requirements for cleanup and building approvals;
 - E. Air quality, soil quality, and any other environmental or personal health concerns, even after the wildfire event has ended;
 - F. Timelines, costs and requirements when obtaining required permits for building and utilities installation;
 - G. Availability of and access to electricity, gas, sewer and other public or private utility services;
 - H. Water delivery/potability; septic and/or sewer design; requirements and construction costs;
 - I. Potential redesign of streets and infrastructure including possible eminent domain, land condemnation and/or acquisition;
 - J. Inconvenience and delays due to road construction and unavailability of various goods, systems, or services; and
 - K. Impact that federal, state or local disaster declarations may have on materials prices, costs and rents.
3. **BUYER/LESSEE ADVISORIES:** Buyer/Lessee is advised:
 - A. To check early in your transaction to determine if you are able to obtain insurance on the property.
 - B. To investigate to their own satisfaction any and all concerns of Buyer/Lessee about the intended use of the property.
 - C. That the area of the wildfire disaster will likely be under construction for a protracted period of time after a fire, and Buyer/Lessee may be inconvenienced by delays, traffic congestion, noise, dust, intermittent utilities availability.
 - D. That due to the extraordinary catastrophe of a wildfire, there may be changes and variations in local, state or federal laws, codes, or requirements throughout the ongoing process of planning and rebuilding in the wildfire disaster area.
 - E. That some insurers have reduced or cancelled offerings for fire insurance or increased costs that impact a Buyer/Lessee's ability to afford or qualify for loans or meet income ratios for rentals.
 - F. That if you are not able to obtain fire insurance and have removed property investigation or loan contingencies you may be in breach of the purchase or rental agreement.
4. **RESOURCES:** Below is a non-exhaustive list of potential resources provided as a starting point for Buyer/Lessee investigations and not as an endorsement or guarantee that any federal, state, county, city or other resource will provide complete advice.
 - A. California Department of Insurance "WildfireResource" <http://insurance.ca.gov/01-consumers/140-catastrophes/WildfireResources.cfm>; 1-800-927-4357
 - B. Governor's Office of Emergency Services "Cal OES" California Wildfires Statewide Recovery Resources <https://wildfirerecovery.caloes.ca.gov/>
 - C. California Department of Forestry and Fire ("Cal Fire") <https://calfire.ca.gov/> and <https://www.readyforwildfire.org/>
 - D. California Department of Transportation <https://calsta.ca.gov/>
 - E. California Attorney General <https://oag.ca.gov/consumers/pricegougingduringdisasters#8C1>
 - F. The American Institute of Architects "Wildfire Recovery Resources" <https://aia.org/pages/165776-wildfire-recovery-resources>
 - G. Buyer/Lessee is advised to check all local municipalities (County, City, and/or Town where the property is located) for additional resources.
5. **FIRE HARDENING AND DEFENSIBLE SPACE ADVISORY:**
 - A. **California law requires certain disclosures be made concerning a property's compliance with safeguards that may minimize the risk of a structure on the property catching fire (fire hardening) and that an agreement be reached concerning compliance with requirements that the area surrounding structures be maintained to minimize the risk of the spread of wildfires (defensible space). The fire hardening and defensible space laws only apply if, among other requirements, the property is located in either a high or very high fire hazard severity zone.** If there exists a final inspection report covering fire hardening or defensible space compliance, such a report may need to be provided to the buyer. C.A.R. Form FHDS may be used to satisfy the legal requirements.
 - B. **WHERE TO LOCATE INFORMATION:** Seller has the obligation to determine if compliance with the fire hardening and defensible space requirements are applicable to Seller and the property. It may be possible to determine if a property is in a high or very high fire hazard severity zone by consulting with a natural hazard zone disclosure company or reviewing the company's report. This information may also be available through a local agency where this information should have been filed.



- C. Even if the Property is not in either of the zones specified above, or if the Seller is unable to determine whether the Property is in either of those zones, if the Property is in or near a mountainous area, forest-covered lands, brush covered lands, grass-covered lands or land that is covered with flammable material, a Seller may choose to make the disclosures because a Buyer might consider the information material. Reports in the Seller's possession that materially affect the value and desirability of the property shall be Delivered as provided by the agreement.
- 6. **BUYER/LESSEE ACKNOWLEDGEMENT:** Buyer/Lessee understands that Real Estate Agents and Real Estate Brokers have no authority or expertise for providing guidance through the process of investigating the concerns described herein. Buyer/Lessee has an affirmative duty to exercise reasonable care in protecting themselves.

Buyer/Lessee has read and understands this Advisory. By signing below, Buyer/Lessee acknowledges receipt of a copy of this Advisory.

Buyer/Lessee _____ Date _____

Buyer/Lessee _____ Date _____

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WFDA REVISED 6/22 (PAGE 2 OF 2)



Kevin Lu | Sereno | Generated by Glide

WILDFIRE DISASTER ADVISORY (WFDA PAGE 2 OF 2)



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PRDS® LEAD-BASED PAINT AND LEAD-BASED PAINT HAZARDS DISCLOSURE AND ACKNOWLEDGMENT
DESIGNED FOR USE WITH PRDS® FORMS



This Disclosure applies to the Real Estate [] Purchase [] Lease/Rental Contract ("Contract") for 2240 Eastridge Ave

City of Menlo Park County of San Mateo, California ("Property").

LEAD WARNING STATEMENT

PURCHASE AND SALE: Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning.

LEASE: Housing built before 1978 may contain lead-based paint. Lead from paint, paint chips and dust can pose health hazards if not managed properly.

1. SELLER/LESSOR DISCLOSURE

- a) Seller/Lessor has no knowledge of lead-based paint and/or lead-based paint hazards at the Property other than as follows:
b) Seller/Lessor has no reports or records pertaining to lead-based paint and/or lead-based paint hazards at the Property that have been received by Buyer/Lessee or are provided as an attachment (please list reports), other than as follows:
c) Buyer/Lessee has received, or is receiving as an attachment hereto, the pamphlet "Protect Your Family From Lead In Your Home" or an equivalent booklet approved for Federal and State use.
d) Sales Transactions Only: Buyer shall have ten days from Acceptance (unless otherwise agreed in the Contract) to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards before becoming obligated to purchase the Property.

I (we) have reviewed the information above and certify, to the best of my (our) knowledge, that the information provided is true and correct.

Date: 9/8/2022 Seller/Lessor: Todd Grover (Signature) Todd Grover (Printed Name)
Date: 9/7/2022 Seller/Lessor: Kelly Grover (Signature) Kelly Grover (Printed Name)

2. ACKNOWLEDGMENT BY AGENT FOR SELLER/LESSOR

Agent has informed Seller/Lessor of Seller's/Lessor's obligations under 42 U.S.C. §4852(d) and is aware of said Agent's duty to ensure compliance.

I have reviewed the information above and certify, to the best of my knowledge, that the information provided is true and correct.

Date: 9/8/2022 Seller's/Lessor's Agent: Kevin Lu (Signature) Kevin Lu (Printed Name)
Print Name: Kevin Lu Company Name: Sereno

3. BUYER/LESSEE ACKNOWLEDGMENT

- a) I (we) have received the "Lead Warning Statement" above.
b) I (we) have received the pamphlet "Protect Your Family From Lead In Your Home" or an equivalent pamphlet approved for Federal and State use.
c) Sales Transactions Only: Buyer acknowledges a right (exercisable within ten days of Acceptance, unless otherwise agreed in the Contract) to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards before becoming obligated to purchase the Property.

I (we) have reviewed the information above and certify, to the best of my (our) knowledge, that the information provided is true and correct.

Date: Buyer/Lessee: (Signature) (Printed Name)

4. ACKNOWLEDGMENT BY AGENT FOR BUYER/LESSEE

Agent has informed Seller/Lessor (through Seller's/Lessor's Agent, if the Property is listed), of Seller's/Lessor's obligations under 42 U.S.C. §4852(d) and is aware of the duty of Agent for Buyer/Lessee to ensure compliance.

I have reviewed the information above and certify, to the best of my knowledge, that the information provided is true and correct.

Date: Buyer's/Lessee's Agent: (Signature)

Provided for Convenience Only.

ACKNOWLEDGMENT OF RECEIPT OF CONSUMER INFORMATION PAMPHLETS AND DISCLAIMER

Property Address: 2240 EASTRIDGE AVE, MENLO PARK, CA 94025

The accompanying pages are "signature pages" requiring signatures of acknowledgment that were compiled for your convenience relating to the purchase transaction of the above referenced property from the following five (5) sources listed below. Prior to signing this page, or, the accompanying pages, read the IMPORTANT DISCLAIMER set forth below.

1. **Residential Environmental Hazards: A Guide for Homeowners, Homebuyers, Landlords and Tenants** from the California Environmental Protection Agency available at:
<https://orderform.disclosures.com/Content/Files/ElectronicBookshelf/Resid-Enviro-Hazards-Guide-English-j.pdf>
2. **Protect Your Family from Lead in Your Home** from the United States Environmental Protection Agency available at:
<https://orderform.disclosures.com/Content/Files/ElectronicBookshelf/Lead-in-Your-Home-English.pdf>
3. **What is your Home Energy Rating (HERS)** from the California Energy Commission available at:
<https://orderform.disclosures.com/Content/Files/ElectronicBookshelf/Home-Energy-Rating-color.pdf>
4. **Homeowner's Guide to Earthquake Safety** from the California Seismic Safety Commission available at:
<https://orderform.disclosures.com/Content/Files/ElectronicBookshelf/Homeowners-Guide-to-EQ-Safety-English.pdf>
(Signature for Homeowner's Guide to Earthquake Safety only necessary if Property built before 1960.)
5. **A Brief Guide To Mold, Moisture and Your Home** from the United States Environmental Protection Agency available at:
<https://orderform.disclosures.com/Content/Files/ElectronicBookshelf/Mold-Guide-English.pdf>

I acknowledge receipt of the five (5) listed pamphlet(s) via the links set forth above.

I acknowledge that I have read the IMPORTANT DISCLAIMER below these signature lines.

DocuSigned by:			
Seller:	<u>Kelly Grover</u>	Buyer:	_____
	646C43C2BAF0474...		
Date:	<u>9/7/2022</u>	Date:	_____
DocuSigned by:			
Seller:	<u>Todd Grover</u>	Buyer:	_____
	D04683287B2D442...		
Date:	<u>9/8/2022</u>	Date:	_____
DocuSigned by:			
Seller's Agent:	<u>Kevin Lu</u>	Buyer's Agent:	_____
	31D7A52CEA554C1...		
Date:	<u>9/8/2022</u>	Date:	_____

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Property Address:



2240 EASTRIDGE AVE

MENLO PARK , CA 94025

I have received a copy of the **WHAT IS YOUR HOME ENERGY RATING?** booklet (CEC-400-2009-008-BR-REV1)

Buyer's Signature

Printed Name

Date

Buyer's Signature

Printed Name

Date

Buyer's Agent Signature

Printed Name

Date

Broker's Name

DocuSigned by:

Kelly Grover

646C43C2BAF0474...

Seller's Signature

Kelly Grover

9/7/2022

Printed Name

Date

DocuSigned by:

Todd Grover

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Seller's Signature

Todd Grover

9/8/2022

Printed Name

Date

DocuSigned by:

Kevin Lu

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Listing Agent's Signature

Kevin Lu

9/8/2022

Printed Name

Date

Sereno

Broker's Name

ALL SIGNERS SHOULD RETAIN A COPY OF THIS PAGE FOR THEIR RECORDS

California Civil Code Section 2079.10 states that if this booklet is provided to the buyer by the seller or broker, then this booklet is deemed to be adequate to inform the home buyer about the existence of California Home Energy Rating Program.

For more information, visit: www.energy.ca.gov/HERS/





Disclosure Report Signature Page For SAN MATEO County

Property Address: 2240 EASTRIDGE AVE MENLO PARK, SAN MATEO COUNTY, CA 94025 ("Property")

APN: 110-660-060 Report Date: 09/02/2022 Report Number: 3096332

Statutory Natural Hazard Disclosure ("NHD") Statement and Acknowledgment of Receipt

DISCLAIMER: This NHD Summary (a) is not valid unless delivered with the complete JCP-LGS Disclosure Report which buyer must read and acknowledge before close of escrow, and (b) is subject to the Terms and Conditions contained in that complete Disclosure Report.

The seller and seller's agent(s) or a third-party consultant disclose the following information with the knowledge that even though this is not a warranty, prospective buyers may rely on this information in deciding whether and on what terms to purchase the Property.

The following are representations made by the seller and seller's agent(s) based on their knowledge and maps drawn by the state and federal governments. This information is a disclosure and is not intended to be part of any contract between the seller and buyer. THIS REAL PROPERTY LIES WITHIN THE FOLLOWING HAZARDOUS AREA(S):

A SPECIAL FLOOD HAZARD AREA (Any type Zone "A" or "V") designated by the Federal Emergency Management Agency

Yes ___ No X Do not know and information not available from local jurisdiction ___

AN AREA OF POTENTIAL FLOODING shown on a dam failure inundation map pursuant to Section 8589.5 of the Government Code.

Yes ___ No X Do not know and information not available from local jurisdiction ___

A VERY HIGH FIRE HAZARD SEVERITY ZONE pursuant to Section 51178 or 51179 of the Government Code. The owner of this Property is subject to the maintenance requirements of Section 51182 of the Government Code.

Yes ___ No X

A WILDLAND AREA THAT MAY CONTAIN SUBSTANTIAL FOREST FIRE RISKS AND HAZARDS pursuant to Section 4125 of the Public Resources Code. The owner of this Property is subject to the maintenance requirements of Section 4291 of the Public Resources Code.

Yes ___ No X

AN EARTHQUAKE FAULT ZONE pursuant to Section 2622 of the Public Resources Code.

Yes ___ No X

A SEISMIC HAZARD ZONE pursuant to Section 2696 of the Public Resources Code.

Yes (Landslide Zone) ___ Yes (Liquefaction Zone) ___ No X Map not yet released by state ___

THESE HAZARDS MAY LIMIT YOUR ABILITY TO DEVELOP THE REAL PROPERTY, TO OBTAIN INSURANCE, OR TO RECEIVE ASSISTANCE AFTER A DISASTER. THE MAPS ON WHICH THESE DISCLOSURES ARE BASED ESTIMATE WHERE NATURAL HAZARDS EXIST. THEY ARE NOT DEFINITIVE INDICATORS OF WHETHER OR NOT A PROPERTY WILL BE AFFECTED BY A NATURAL DISASTER. SELLER(S) AND BUYER(S) MAY WISH TO OBTAIN PROFESSIONAL ADVICE REGARDING THOSE HAZARDS AND OTHER HAZARDS THAT MAY AFFECT THE PROPERTY.

Signature of Seller(s) [Signature] Date 9/8/2022

Signature of Seller(s) [Signature] Date 9/7/2022

Signature of Seller's Agent [Signature] Date 9/8/2022

Signature of Seller's Agent [Signature] Date

Seller(s) and their agent(s) represent that the information herein is true and correct to the best of their knowledge as of the date signed by the transferor(s) and agent(s).

Seller(s) and their agent(s) acknowledge that they have exercised good faith in the selection of a third-party report provider as required in Section 1103.7 of the Civil Code, and that the representations made in this Natural Hazard Disclosure Statement are based upon information provided by the independent third-party disclosure provider as a substituted disclosure pursuant to Section 1103.4 of the Civil Code.

Third-Party Disclosure Provider(s) FIRST AMERICAN REAL ESTATE DISCLOSURES CORPORATION OPERATING THROUGH ITS JCP-LGS DIVISION. Date 02 September 2022

Buyer represents that he or she has read and understands this document. Pursuant to Civil Code Section 1103.8, the representations made in this Natural Hazard Disclosure Statement do not constitute all of the seller(s) or agent's disclosure obligations in this transaction.

Signature of Buyer(s) Date Signature of Buyer(s) Date

BUYER(S) REPRESENTS ABOVE HE/SHE HAS RECEIVED, READ AND UNDERSTANDS THE COMPLETE JCP-LGS DISCLOSURE REPORT DELIVERED WITH THIS SUMMARY:

- A. Additional Property-specific Statutory Disclosures: Fire Hazard Severity Zone (AB 38), Former Military Ordnance Site, Commercial/Industrial Use Zone, Airport Influence Area, Airport Noise, San Francisco Bay Conservation and Development District Jurisdiction (in S.F. Bay counties only), California Energy Commission Duct Sealing Requirement, Notice of Statewide Right to Farm, Notice of Mining Operations, Sex Offender Database (Megan's Law), Gas and Hazardous Liquid Transmission Pipeline Database.
B. Additional County and City Regulatory Determinations as applicable: Airports, Avalanche, Blow Sand, Coastal Zone, Dam/Levee Failure Inundation, Debris Flow, Erosion, Flood, Fault Zone, Fire, Groundwater, Landslide, Liquefaction, Methane Gas, Mines, Naturally Occurring Asbestos, Redevelopment Area, Right to Farm, Runoff Area, Seiche, Seismic Shaking, Seismic Ground Failure, Slope Stability, Soil Stability, Subsidence, TRPA, Tsunami.
C. General advisories: Methamphetamine Contamination, Mold, Radon, Endangered Species Act, Abandoned Mines, Oil & Gas Wells, Tsunami Maps (coastal only), Wood-burning fireplaces.
D. Additional Reports - Enclosed if ordered: (1) PROPERTY TAX REPORT (includes state-required Notices of Mello-Roos and 1915 Bond Act Assessments, and Notice of Supplemental Property Tax Bill, (2) ENVIRONMENTAL SCREENING REPORT (discloses Transmission Pipelines, Contaminated Sites, and Oil & Gas Wells). Enclosed if applicable: Local Addenda.
E. Government Guides in Combined Booklet with Report. Refer to Booklet: (1) ENVIRONMENTAL HAZARDS: "A Guide for Homeowners, Buyers, Landlords and Tenants"; (2) EARTHQUAKE SAFETY: "The Homeowners Guide To Earthquake Safety" and included "RESIDENTIAL EARTHQUAKE HAZARDS REPORT FORM"; (3) LEAD-BASED PAINT: "Protect Your Family From Lead In Your Home"; (4) BRIEF GUIDE TO MOLD, MOISTURE AND YOUR HOME; (5) WHAT IS YOUR HOME ENERGY RATING? Government Guides are also available on the Company's "Electronic Bookshelf" at https://orderform.disclosures.com/resources/electronic_bookshelf/regulatory_pamphlets.



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SAN MATEO/SANTA CLARA COUNTIES ADVISORY
 DESIGNED FOR USE WITH PRDS® FORMS

**INTRODUCTION:**

This Advisory is intended to be used in connection with the purchase and sale of real property located within San Mateo or Santa Clara County. PRDS does not warrant or guarantee the accuracy of the information contained in this Advisory or the adequacy of this information in connection with any specific real property transaction. This Advisory was created as of October 2021; the information in this Advisory may change over time, and new issues may develop due to actions taken at federal, state, county, city and local levels. Some of the issues that are covered in this Advisory are legal conditions of sale or are legally required preconditions for remodeling and/or improving energy efficiency. Sellers and Buyers should investigate the applicability of these requirements to the past, present and future sale, purchase, ownership and development of the Property. As used in this Advisory, the term "Broker" refers to and includes all real estate licensees involved in a real estate transaction

- Sellers must understand the importance and significance of their disclosure obligations. Sellers need to take the time to carefully and fully complete all aspects of the disclosure documents. Sellers must disclose anything that is known to the Sellers that materially affects the value or desirability of the Property, even if general information about the topic is included in this Advisory or in any inspection report(s). To the extent any disclosures made by Sellers are inaccurate or change over time, it is important for Sellers to update and correct their written disclosures in a timely fashion. In general, if Sellers are uncertain about whether they need to disclose something, Brokers recommend that Sellers err on the side of providing as much information as possible. Sellers who need help in completing their disclosure obligations, including what to disclose and how to disclose it, should consult with their own qualified, California real estate attorney; Brokers cannot determine the legal sufficiency of any disclosure or factual adequacy of any statement or disclosure made by Sellers. Brokers have not verified and will not verify or otherwise investigate any of Sellers' statements and disclosures therefore, Buyers are advised to do so.
- Sellers should conduct a diligent search of their documents to determine if they have any disclosures, reports, repair estimates and invoices (of any age) or other information which relate to the Property or the issues in this Advisory and provide a copy of that material to Buyers preferably with the Sellers' disclosure documents regardless of which disclosure forms are used.
- Whether documents are signed electronically or in hard copy, Sellers and Buyers should read this Advisory in conjunction with a careful review of all disclosures required by Sellers and by the real estate Brokers involved in the transaction including, without limitation, the Transfer Disclosure Statement and any other seller disclosure form.
- Buyers are responsible for conducting their own investigations into the issues discussed in this Advisory and any issues that are not referenced below that may affect Buyers' determination of the condition, use, development, value and/or desirability of the Property. Buyers have the right to condition their purchase on conducting such investigations. Buyers should conduct all necessary investigations prior to the Buyers' removal or waiver of any contractual inspection contingencies. Buyers are urged to do all of the following:
 - Carefully read the information contained in any advisories, disclosures, inspections, and reports that Buyers receive from any source.
 - Conduct additional/further investigations and inspections regarding any issues that concern Buyers which are raised in those advisories, disclosures, inspections, or reports.
 - Meet Buyers' obligation to protect themselves, including those facts which are known to or within the diligent attention and observation of the Buyers, by thoroughly and thoughtfully inspecting and evaluating the Property. Viewing videos, virtual tours and other on-line pictures is not a good substitute for visiting the actual Property in person and observing the location of the Property.
- Buyers need to inquire into other or additional matters (beyond those contained in this Advisory) to the extent that those additional issues affect the Buyers' determination of the value or desirability of the Property.
- Buyers must bear in mind that a Property may suffer defects and deficiencies of which neither Sellers nor Brokers are aware. Buyers should also recognize that not all issues can be objectively determined and some issues can have varying impacts on different people since some issues may be more relevant to some people than others.
- Buyers are urged to engage licensed professionals to evaluate all aspects of the Property and to consult all appropriate governmental agencies during their inspection contingency period, if any. Buyers' right to conduct certain types of investigations may be limited by the Purchase Contract.
- Broker has not verified and will not verify licensing and insurance information of third parties and will not determine whether vendors who prepare inspection reports or perform repairs are properly licensed to provide those services. Broker cannot and will not determine whether the reports prepared, or repair work performed, by third parties has been properly completed.
- Representations made by third parties or Sellers regarding the issues in this Advisory have not been verified by Brokers and need to be independently confirmed by Buyers.
- **Although licensed to list, sell and lease real estate, Brokers may not have expertise on the issues in this Advisory.**

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1. HOUSING STOCK, EXISTING: Many properties in this area have been developed at different times under different state laws or local regulations including building codes and zoning restrictions. They may not be able to accommodate current or future personal property items including, but not limited to, electric cars. Regardless of its age, the Property should be inspected by a competent property inspector and Buyers should obtain all additional inspections recommended by any inspector, or as Buyer may deem necessary for determining the actual condition of the Property. Property components, appliances, fixtures, systems and materials may have varying degrees of remaining useful life and could fail without notice. Not all aspects of the Property may comply with current code, zoning, health and safety, setback requirements, religious or cultural preferences. Some homes contain appliances, products or manufactured materials, such as Chinese dry wall or plastic pipe, which may be defective, create problems with the use or value of other aspects of the home and may be subject to manufacturer or governmental recall or a class action lawsuit. All homes include many components which require ongoing maintenance. Deferred maintenance will decrease the lifespan and functionality of many of these components. Buyers should seek reliable advice from appropriate professionals and plan/budget for maintenance and future repairs. Brokers have not verified and will not verify any of the issues discussed in Paragraph 1.

2. FLOORS AND WALLS: Amount and placement of Sellers' personal property may make a visual inspection of floors and walls difficult. The existence of certain types of floor coverings (such as carpeting and rugs), some wall coverings (such as wallpaper and paneling) and the presence of furniture may prevent Buyers, inspectors and Brokers from fully inspecting the condition of floors and walls. Exposed areas may show differing patterns of wear, shade or color. Since destructive testing may be required in order for Buyers to determine the actual condition of the floors and walls beneath coverings, Buyers may need to secure the written authorization of Sellers to conduct investigations with licensed professionals during Buyers' inspection period, if any.

3. GLASS, TEMPERED: Many homes contain non-tempered glass in areas where tempered glass is required by building codes. During Buyers' inspection period, if any, Buyers should have a contractor identify any glass that is not properly tempered. Buyers may want to replace any non-tempered glass with tempered glass to reduce the risk of injury.

4. RESIDENTIAL FIREPLACE DISCLOSURE: Residential wood burning is the leading source of wintertime air pollution in the Bay Area and studies have confirmed there are significant health impacts from exposure to fine particulate matter found in wood smoke. The Bay Area Air Quality Management District ("BAAQMD") established the Wood Smoke Rule, Regulation 6, Rule 3 to reduce wintertime smoke pollution and protect public health. The Wood Smoke Rule requires anyone selling, renting or leasing a property in the Bay Area to disclose the potential health impacts from air pollution caused from burning wood. Fine particulate matter, also known as PM2.5, can travel deep into the respiratory system, bypass the lungs and enter the blood stream. Exposure may cause short term and long term health effects, including eye, nose and throat irritation, reduced lung function, asthma, heart attacks, chronic bronchitis, cancer and premature deaths. Exposure to fine particulates can worsen existing respiratory conditions. High PM2.5 levels are associated with increased respiratory and cardiovascular hospital admissions, emergency department visits, and even deaths. Children, the elderly and those with pre-existing respiratory or heart conditions are most at risk from negative health effects of PM2.5 exposure. The buyer should consult with a licensed professional to inspect, properly maintain, and operate a wood burning stove or fireplace insert according to manufacturer's specifications to help reduce wood smoke pollution. The Air District encourages the use of cleaner and more efficient, non-wood burning heating options such as gas-fueled or electric fireplace inserts to help reduce emissions and exposure to fine particulates.

When the BAAQMD issues a Winter Spare the Air Alert during the winter season from November 1 through the end of February, it is illegal to burn wood, manufactured fire logs, pellets or any solid fuels in fireplaces, wood stoves or outdoor fire pits. To check when a Winter Spare the Air Alert is issued and it is illegal to burn wood, please call 1-877-4NO-BURN or visit www.baaqmd.gov or www.sparetheair.org.

The information in Paragraph 4 was provided by BAAQMD. Brokers have not verified and will not verify any of the information provided by BAAQMD.

5. LEASED/LIENED PERSONAL PROPERTY; SOLAR PANEL LEASES: Many homes have alarm systems, solar systems, water softeners, appliances or other equipment which may be leased or liened. Sellers should disclose to Buyers whether any appliances, systems or equipment are leased or liened and provide all documents relating to those leases and liens. Buyers should investigate whether or not any equipment leases are transferable or may require approval from the lessor, as well as what fees or costs may be imposed whether or not the leased items are to remain in place. See also Paragraph 45, below, regarding PACE liens.

Solar panels may be leased for long periods of time and are included in the sale only if agreed by Sellers and Buyers and Buyer is able to assume the lease. Solar leasing companies may secure lease payments by filing a Uniform Commercial Code form (UCC-1), which gives notice of a creditor's security interest (lien) against the Property. Buyers should consider retaining a qualified expert to investigate the solar-related system prior to assuming any solar lease. Brokers have not verified and will not verify any of the issues discussed in Paragraph 5.

6. NEW CONSTRUCTION WARRANTIES, DEFECTS AND LAWSUITS: Builders of new construction are required to provide certain warranties and information about how to report claims, but may not be required to complete the Real Estate Transfer Disclosure Statement ("TDS"). When there are subsequent sales, Sellers must provide Buyers with builder warranty and claim information. The TDS asks Sellers to disclose any lawsuits by or against the Seller threatening or affecting the Property. It then goes on to ask questions related to construction defects and references Civil Code Sections 900, 903, 910 and 914. These code sections are part of a law that is widely known as SB 800 or Title 7, which generally applies to residential real property built by a "Builder" (as defined in Section 911) and sold for the first time after January 1, 2003. Section 900 requires a limited one-year warranty from the builder. Section 901, et seq., refers to "enhanced protection agreements", which are sometimes provided by the builder and may extend the warranty period. Other provisions (see section 907, et al.) require the homeowner to follow all reasonable maintenance obligations and schedules communicated in writing by the builder and product manufacturers, as well as commonly accepted maintenance practices. Failure to do so may provide a defense against a homeowner claim (see Section 944). Sections 910 and 914 reference pre-litigation procedures and remedies in the event of a claim against the builder. Sellers who have questions about how to answer this TDS question should consult with a qualified California real estate attorney for advice. If lawsuits or claims are disclosed by Seller, Buyers should investigate such disclosures with a qualified California real estate attorney. Brokers are not qualified to provide any advice on these matters.

7. SIZE - SQUARE FOOTAGE, NUMBER OF ROOMS AND AGE: Multiple sources provide data regarding a property's square footage, number of rooms, number of units and age. These sources including, but not limited, to Sellers, appraisers, architects, builders and space planners, often employ quite different square footage measurement criteria. Public records (e.g., Assessor data) also contain that data that may be, and often are, inaccurate but which the Multiple Listing Service ("MLS") auto-populates such information into its listings. As such, there are frequent discrepancies in advertised measurements and other data relating to structures on real property. Any statements from any source regarding square footage, size or age of Property improvements (whether contained in the MLS, advertisements, computer-generated property profiles, disclosures and reports) have not been verified and will not be verified by Brokers. If the estimated or exact square footage, number of rooms or age of the Property are important factors in Buyers' decision to purchase the Property and in determining what price to pay, Buyers should independently verify that data by hiring an Appraiser or other qualified professional during Buyers' inspection period, if any. Buyers should obtain a specific disclosure regarding any known size discrepancies from Sellers and/or Brokers.

8. SIZE - LOT SIZE AND BOUNDARIES: Only a land surveyor can reliably determine actual lot size, property corners, and the exact location of boundaries. Statements regarding these issues in the MLS, advertisements, computer-generated property profiles, data in property tax assessor records or any disclosures are often approximations, or are based upon inaccurate or incomplete records. Fences, hedges, walls or other barriers may not represent actual boundary lines. Brokers have not verified any statements made by anyone regarding lot size and boundaries. If these issues are important to Buyers, they should not rely on any statements made by anyone without independently investigating these issues by hiring a licensed surveyor during Buyers' inspection period, if any. Buyers should obtain a specific disclosure regarding any known size discrepancies from Sellers and/or Brokers.

9. FENCES: If the Property has a fence that is located on the boundary line, Civil Code Section 841 provides that the adjoining private landowners have an equal obligation to maintain the fence. However, fences are often not located on the boundary line and when that is true, who is responsible for maintaining the fence is a legal determination. Thus, questions regarding who is responsible for repairing or maintaining a fence should be reviewed with a qualified California real estate attorney. Brokers are not qualified to make that determination.

10. SEPTIC SYSTEMS AND WASTEWATER TREATMENT SYSTEM REGULATIONS: If the Property has a "Septic System" (usually consisting of a septic tank, cesspool, leach lines, leach field, pits, or a combination thereof), Buyers should obtain a current, written inspection report from a licensed professional regarding the condition and adequacy of the Septic System for the Buyers' specific needs. Visual inspection of the tank alone is insufficient. Buyers' lender or government agencies may require an inspection and testing of the Septic System. Brokers make no representations as to the location, condition, capacity, operability or expandability of the Septic System.

Expansion or remodeling of the dwelling may be restricted or even denied due to the existence, location, size or condition of a Septic System. Securing approval for changes in the dwelling may be conditioned upon testing, removal, repair, expansion, or other changes to the Septic System (e.g., connection to sewer system) which may be expensive. The Septic System may not be in compliance with current or future code requirements, and code compliance may be required for any future work done on the Property. Buyers should investigate these issues at appropriate government agencies and with qualified licensed professionals (e.g., architects, contractors, engineers) during Buyers' inspection period, if any. For more information about on-site waste water treatment/septic system regulations, Buyers should contact the State Water Resources Control Board at (916) 341-5250 and go to the website: www.swrcb.ca.gov. See also Paragraph 85.

11. SEWERS AND SEWER LATERALS: Many public sanitary districts and private sanitary entities serve various communities and some have different rules and regulations regarding fees and costs. Buyers need to determine whether or not the Property is part of such a district or entity and make arrangements with Sellers to transfer any necessary rights to any private sanitary entities. Some sanitary districts and private entities have implemented various requirements, restrictions and charges relating to participation, usage, maintenance, and type of equipment (such as sewer lateral clean-outs, backflow prevention devices) and drainage into sewer systems. Many cities have enacted ordinances requiring the abatement of failed sewer laterals (from the building served to the clean out in the city's right of way). Some cities require inspection/testing, the filing of written reports and repair of sewer laterals prior to sale, remodeling or expanding the residence or when changing plumbing fixtures or utility service. Buyers should contact the applicable public district or private entity to determine what, if any, action must be taken with respect to sewer systems and sewer laterals during Buyers' inspection contingency, if any. Prior to transfer of title, some private sewage disposal systems may also mandate inspection/testing of the system, a written report and other requirements for hook-up to a public sewer system, depending upon the proximity of the Property to a public sewer system. Some jurisdictions require certification procedures pre- or post-Close of Escrow. Penalties for noncompliance can be imposed. Each jurisdiction has its own unique requirements which Buyer should research during Buyer's inspection contingency, if any, because these local regulations are subject to change at any time.

Even though the Property may be located in a sanitary district or subject to a sewer assessment, the Property may not be (and may not be entitled to be) connected to the sewer system. There may be a separate cost for the installation and connection of the Property to the sewer system and/or other actions that must be taken by Sellers and Buyers to transfer rights. Buyers should retain qualified professionals to evaluate the Property so as to determine the existence and condition of any sewer connections; that evaluation may require a video "scoping" of the system and/or pressure testing. Brokers have not and will not verify any of the issues discussed in Paragraph 11.

12. WATER AND WELL SYSTEMS: The Property may be served by a well, a spring, public or private water systems, or a combination thereof, in which case Buyers should consider requesting that Sellers complete the PRDS Well and Private Water System Checklist. Water may contain bacteria, chemical, metals, minerals, and may emit odors, Buyers should contact appropriate governmental agencies and should hire qualified professionals to determine the water source and have the water pressure, water system and its components inspected and determine the availability, quantity, quality and potability of the water. Results of such testing may vary by season and may change over time due to geological events and other factors. Water quality and/or purity may impact Buyers' intended uses for the Property including, but not limited to, the types of trees, landscaping or crops that may be grown. Brokers have not verified and will not verify any of the issues discussed in Paragraph 12.

Recent studies have revealed that some wells in Morgan Hill and San Martin contain the chemical perchlorate. Other wells in Santa Clara County may be contaminated by this or other chemicals. Any questions about possible chemical contamination including, but not limited to, its impact on any given property, and any other questions regarding regulations, water quality, quantity and/or cost should be directed to Valley Water District by calling (408) 265-2607 or visiting their website at www.valleywater.org. See also Paragraphs 94 and 96.

Valley Water District manages water resources and provides stewardship for Santa Clara County's five watersheds, including ten reservoirs, groundwater basins and hundreds of miles of streams. The District captures local rainfall in the reservoirs throughout the winter months. Then in the spring and summer, the District releases water from the reservoirs to replenish the underground water supply. Because the amount of local rainfall cannot be predicted, there is no way to guarantee that any given reservoir will fill up each winter or that there will be sufficient water for all purposes, including recreation facilities. Brokers are not experts on this topic.

13. WATER SHORTAGES AND CONSERVATION / WATER CONSERVING PLUMBING FIXTURES: The Property may be subject to state or local water shortages, conservation, usage and other measures, such as water hook-up restrictions and, at various times, mandatory rationing and the need to bring in water from outside sources. The policies of local water districts and the city or county in which the Property is located can result in limitations on the amount of water available to the Property, restrictions on its use of water, increasingly graduated costs, and penalties for excess usage. Buyers should contact the supplier of water to the Property regarding the supplier's current or anticipated policies on water usage and to determine the extent to which those policies may affect Buyers' intended use or development of the Property. If the Property is serviced by a private well or private water system, drought conditions or a low water table, it may become necessary to arrange, through a private supplier, for delivery of water to the Property. Buyers should contact water supply companies for the costs involved.

Current law (Civil Code Section 1101.1, et seq.) requires that "noncompliant plumbing fixtures" be replaced with "water-conserving plumbing fixtures" by certain prescribed deadlines. A "noncompliant plumbing fixture" is (1) any toilet manufactured to use more than 1.6 gallons of water per flush (2) any urinal manufactured to use more than one gallon of water per flush, (3) any showerhead manufactured to have a flow capacity of more than 2.5 gallons of water per minute and (4) any interior faucet that emits more than 2.2 gallons of water per minute. The compliance deadlines are as follows:

A. Single Family Residences: If an alteration or improvement is undertaken for which a permit is required, compliance is a precondition of final permit approval (or, as applicable, certificate of final completion or occupancy). All single family residences built before 1994 must be brought into compliance whether or not the property is being altered, repaired or otherwise improved. (NOTE: Condominium units are not currently subject to this requirement.)

B. Multifamily and Commercial: Compliance is required where (1) building additions increase the floor area of the space in the building by more than 10%, (2) estimated costs of alterations or improvements exceed \$150,000 or (3) plumbing fixtures are located in the room where permit-required work is undertaken. **After January 1, 2019, however,** all multifamily and commercial properties must be brought into compliance whether or not the property is being altered, repaired or otherwise improved. **CAUTION:** Owners of such properties should carefully review the applicable statutory language and seek legal advice regarding compliance with the many important elements of compliance, disclosure, notification and other provisions not detailed in this summary.

14. WET WEATHER CONDITIONS: California experiences a wide range of weather conditions and at times has heavier-than-usual rainfall. During heavy rains, properties may become susceptible to earth movement, drainage problems and flooding. Properties which may not have experienced past water intrusion into or under improvements may experience these conditions due to weather-related phenomena. Sellers are obligated to disclose to Buyers those defects or conditions known to Sellers which affect the value or desirability of the Property; however, not all Sellers may be aware of recent changes in the condition of a Property or its improvements caused by unusually wet weather and no one can predict future impacts of wet weather conditions. Buyers should investigate these issues and conditions with licensed geotechnical engineers or other licensed engineers during Buyers' inspection period, if any.

15. WATER INTRUSION: Many homes suffer from water intrusion or leakage either on a short-term or long-term basis. Causes of water intrusion are varied, and may include defective construction, faulty grading, deterioration of building materials and absence of waterproofing. Water intrusion can cause serious damage to the Property including, but not limited to, wood rot, mold, mildew and even damage to the structural integrity of the Property. The cost of repairing and remediating water intrusion damage and its causes can be significant. The existence and cause of water intrusion is often difficult to detect. An absence of visual evidence of water intrusion does not mean that such intrusion does not exist. Buyers should have the Property inspected for water intrusion by a licensed professional during Buyers' inspection period, if any. Brokers cannot determine the amount, degree or cause of water intrusion or the extent of any damage that may exist.

16. GROUND WATER, NATURAL SPRINGS AND WATER RUNOFF: Some properties have high water tables that can lead to water intrusion problems, intensify mold growth and compromise the stability of soils and foundations. High water tables may affect septic systems, wells and the development, use and enjoyment of the land, particularly during months of heavy rain. Many properties have natural springs and rain water runoff issues that may result in standing water, dry rot, flooding, mold, foundation failure or other potential water damage to improvements. Hillside properties or properties with retaining walls may be more susceptible to these issues. Buyers should retain geotechnical engineers and civil engineers to help evaluate the effect of high water tables on the Property and consider drainage modifications to protect the structure and improve the value, development, use, and enjoyment of the surrounding area. If the Sellers' disclosures, any visual inspection of the Property, or any professional inspection report indicates a past or current water-related issue, Buyers are strongly encouraged to thoroughly investigate the problem (even if it is common to the area) to determine its cause and possible repair costs to rectify the problem with licensed professionals during the Buyers' inspection period, if any. Brokers have not verified and will not verify any of the issues discussed in Paragraph 16.

17. CREEKS AND CULVERTS: Many properties are impacted by creeks (narrow channels or small streams) and culverts (man-made structures used to enclose a flowing body of water which is usually designed to allow water to pass underneath a road or other structures). If the Property includes, abuts or is near a creek or culvert, Buyers should engage licensed professionals and investigate the possibility of flooding and water intrusion that may result from those water sources during Buyers' inspection period, if any. In addition, federal, state, county and some city entities and agencies have enacted regulations regarding creeks and culverts.

Some municipalities have implemented land management programs to keep creeks and groundwater free-flowing and free of debris. Due to pressures from development, all potential sources of environmental pollution are coming under public scrutiny, including those from farming and horse property. Buyers should investigate the County's land management programs during their inspection period, if any, at the following website: www.sccgov.org.

18. LEVEES: A levee is an embankment to prevent a river or body of water from flooding surrounding land. Due to proximity to various bodies of water and waterways, several geographic areas either have existing levees or require the construction of new levees. The Federal Emergency Management Agency ("FEMA") is responsible for certifying that any existing or proposed levees will protect an area against certain flood levels. FEMA is in the process of digitizing and updating their Flood Insurance Rate Maps ("FIRM") for several areas. All levees must be properly maintained and FEMA has indicated that certain levees need to be improved. The current and future existence or condition of a levee may impact the need for flood insurance. Brokers are not qualified to determine whether or not the Property is or will be impacted by the existence, maintenance, improvement or construction of any levee. For more information contact the relevant County government or FEMA at: www.fema.gov.

19. WOOD DESTROYING PESTS AND ORGANISMS: The presence of wood destroying pests or organisms can cause damage to the structures on the Property. To determine whether such pests or organisms are present, Buyers should have the Property inspected during Buyers' inspection period, if any, by a licensed structural pest control company which will issue a written report separated into two sections: Section 1 will identify areas where current infestation or infection is evident. Section 2 will identify conditions which will likely lead to infestation or infection. Repairs and corrections to the issues in this Paragraph are negotiable by and between Buyer and Seller.

20. ANIMALS, WILDLIFE, PETS AND PESTS: Current or previous owners may have kept domestic and other indoor or outdoor animals at the Property. Animals can cause damage to the Property: odors from animal urine or waste may be dormant for long periods and then become active because of heat, humidity or other factors (such as some cleaning techniques), or be temporarily masked by other odors (such as fresh paint or new carpet); animal urine and feces can also damage floors, floor coverings, walls, baseboards, or other components. Animals can also attract fleas, ticks and other pests that can remain on the Property after the animal has been removed. Complete elimination of odors and other problems created by animals may not be possible even by professional cleaning efforts or replacing carpets, pads and other affected components.

The Property may be subject to ordinances regulating the maintenance, breeding, number, or type of animals permitted, or other requirements such as spaying or neutering. Homeowner and Common Interest Associations often impose additional restrictions on animals. Buyers should investigate such restrictions during their inspection period, if any. Neighbors may have animals that can cause problems including, but not limited to, noise and odors. Common pets such as dogs can bark, cats are not easily contained, and in some cases more unusual animals (e.g., poultry, exotic birds, and reptiles) may create issues that impact the value, use and enjoyment of the Property. California is home to a wide variety of animals, reptiles and insect life including, but not limited to, ants, bedbugs, bats, rodents, snakes and larger wild animals such as mountain lions and deer, some or all of which may enter or inhabit the Property and may be difficult to eliminate or control. These creatures can damage landscaping, might be a hazard to people, pets or other animals and may cause issues that impact the Buyers' use and enjoyment of the property. Proximity to rural or open space areas increases the likelihood of this problem. If these are issues of concern, Buyers should discuss and/or investigate these issues with licensed professionals, including local animal/pest control companies, and/or other qualified agencies or organizations during Buyers' inspection period, if any.

21. ENDANGERED SPECIES ACT: Under the Federal Endangered Species Act (16 U.S.C. §§ 1531-1544) and several additional California requirements, many species of plants and animals are deemed to be "endangered" or "threatened" and are thus subject to special protective measures which may impact the use or development of the Property; this is especially true in areas that abut a body of water or are in designated wetland area. Violating these laws can result in substantial fines and other civil penalties, and Buyers should contact the U.S. Fish and Wildlife Service at www.fws.gov and the California Department of Fish & Wildlife at www.dfg.ca.gov to determine if the Property is within any designated critical or essential habitat for any listed species. Buyers should also consider hiring qualified professionals experienced with application and enforcement of the Endangered Species Act during Buyers' inspection period, if any. Brokers have no expertise on this subject.

22. POWER LINES AND POWER PLANTS: Cities and counties receive electrical service through power transmission lines from power plants that may be located in proximity to the Property. The Property may be impacted by an easement for the benefit or use of utilities and impacted by the existence of high voltage lines, transformers, other types of power equipment and electro-magnetic fields. All areas have experienced power outages caused by multiple factors at various times including, but not limited to, concerns regarding fire hazards. Buyers should confer with the local utility, the State Public Utilities Commission and appropriate professionals during Buyers' inspection period, if any, and investigate the impact that any of these issues may have on the value, development, use, and enjoyment of the Property and/or the need for a home generator.

23. UNDERGROUND UTILITIES AND PIPES: Some communities have begun the process of relocating utility lines underground in order to remove the utility poles in the neighborhood. These projects can result in special tax assessments, increased costs for homeowners and temporary disruptions of the neighborhood. Water, natural gas and other types of fuels are delivered to communities through a network of underground pipes that are connected to residential and commercial properties. Some areas have been adversely impacted by disruptions in service or damage to these underground pipes including, but not limited to, the destruction of homes. The general location of gas and hazardous liquid transmission pipelines is available to the public via the National Pipeline Mapping System (NPMS) Internet Web site maintained by the United States Department of Transportation at www.npms.phmsa.dot.gov. Buyers should investigate these issues with the appropriate municipality and/or Pacific Gas and Electric Company ("PG&E") during Buyers' inspection period, if any, to determine if the Buyers' development, use or enjoyment of the Property is or will be impacted by underground utilities and/or pipes.

24. SOILS AND GEOLOGIC CONDITIONS: All land in California is subject to settling, slippage, subsidence, earthquakes and other forms of movement. The geologic forces that have shaped California over the eons are still active today. Much of California has expansive or adobe soil which can expand and contract depending upon the amount of water in the soil. Soil expansion and contraction can cause movement or shifting of structures, foundations and the land. Hillside areas are frequently active or potentially active landslide areas which can negatively impact hillside properties and surrounding properties. The Property may be constructed on unstable or improperly compacted soil and have inadequate drainage capability. Buyers should confirm with an attorney the legality, enforceability and scope of any easements (whether recorded or not) to deal with all surface and ground water. Additionally, the Property may have known or unknown mines, mills, caves, wells, septic or other abandoned tanks, the existence of which can create safety hazards and can cause structural problems or destruction of improvements on the Property and impact the ability to use or develop the Property. Buyers should retain geotechnical engineers and civil engineers to evaluate soil

stability, grading, drainage and other soil conditions of the Property to determine how these forces may affect improvements to the Property and, when necessary, consider drainage modifications to protect the structure and improve the use and enjoyment of the surrounding area. Buyers should not simply rely on geologists or companies that review governmental maps (see Paragraph 49).

25. EASEMENTS, ENCROACHMENTS, PUBLIC TRAILS, ACCESS RIGHTS, PRIVATE ROADS & MAINTENANCE AGREEMENTS:

Sellers need to disclose all known facts relating to the location, existence, maintenance and other obligations of any easement, access right, shared or private road/driveway, shared or private well systems and components, public trails and any possible encroachments affecting the Property. Buyers should investigate these issues and engage a real estate attorney evaluate all relevant documents, whether recorded or not. Some communities have created and maintain public trail systems which abut private residences. Trails may be used by pedestrians, bicyclists, horseback riders and animals; as such, the proximity of public trails may impact the value, development, use and enjoyment of the Property. Only a surveyor can confirm the exact location of easements, trails, shared or private roads/driveways and encroachments. There may be unrecorded easements, access rights, encroachments and other agreements affecting the Property that may not be known by the Sellers and Brokers or cannot be determined by a survey and a title search. Statements regarding these issues in the MLS or advertisements, or plotted by a title company, are often approximations, and may be based upon inaccurate or incomplete records.

The use or maintenance of the Property or other properties by Sellers or others may or may not establish an actual easement, access right, shared or private road, driveway, maintenance obligation or encroachment. Whether or not a written agreement exists to establish a perceived use or obligation, Buyers should have these issues evaluated by a qualified California real estate attorney. Brokers have not verified and will not verify any statements made regarding matters identified in Paragraph 25.

26. VIEWS AND VIEW ORDINANCES: Views from the Property may be affected by weather conditions, future development, growth of trees and vegetation on other properties, current location and future construction of cellular communication antennas and the use of any property within the line of sight of the Property. Buyers should review any covenants, conditions and restrictions (“CC&Rs”), ordinances, regulations, and any other documentation which may relate to views. Buyers should also contact neighboring property owners, government agencies, architects and homeowner associations during Buyers’ inspection period, if any, to evaluate any issues that might impact views.

Some cities and counties have view ordinances that may limit the planting of new trees, restrict the height of trees and limit future construction. Properties that are subject to a view easement may be required to maintain their landscaping so as to prevent any unreasonable obstructions to the views of other property owners. Certain trees that are part of the natural habitat may be exempt from these local ordinances. Often a view property will have recently trimmed trees and shrubs revealing the view; maintaining that view could entail not only trimming foliage on the Property, but may also involve enlisting the cooperation of their neighbors to keep their foliage trimmed, possibly at Buyers’ expense. Cities and counties do not often take an active role in these issues; rather, they tend to encourage private resolution of such disputes. Each municipality has a slightly different mechanism for handling these situations, and Buyers should review the applicable Municipal or County Code/Ordinance during Buyers’ inspection period, if any. Brokers have not verified and will not verify the information relating to views.

27. TREES AND TREE ORDINANCES: Several municipalities have enacted ordinances to regulate and control the removal of trees. Some cities have identified “heritage” or other significant trees that must be protected or preserved in certain areas. Permits may be required to cut down, destroy, remove or relocate designated trees. Buyers should read applicable tree preservation ordinances, check with relevant governmental entities and consult with an arborist during their inspection period, if any, to determine the health of trees and whether or not any special action can or must be taken with respect to any trees on the Property. The City of San Jose, for example, requires Sellers to make specific disclosures to Buyers regarding street trees on a separate form prior to the sale of residential property. If the Property is in the City of San Jose, Buyers should not close escrow without receiving the Sellers’ Street Tree Disclosure form.

Whether or not there is an applicable local tree ordinance, Buyers are encouraged to seek the advice of a licensed arborist for any questions regarding the type, condition and/or removal of trees that are on the Property or on a neighbor’s property. Brokers are not qualified to make any determination about the issues identified in Paragraph 27.

28. LAND LEASE: Some developments are built on leased land, which may mean that: (a) Buyers will not own the land; (b) the right to occupy the land will terminate at some future time; (c) the cost to lease the land may increase in the future; (d) Buyers may not be able to obtain insurance; (e) the ability to obtain (and the cost of initial and future) financing of the Property may be impacted; and (f) the value, development, use and enjoyment of the Property may be impacted. This list may not include all related possible issues. Buyers should obtain a copy of the land lease and discuss with their own attorney or other appropriate professionals the practical and legal implications of owning a home on leased land.

29. PERMITS, ZONING AND CODE COMPLIANCE: Any structure, or portion thereof, on the Property, including the original building, any addition, modification, remodel, repair, improvement or accessory dwelling unit (“ADU”) may have been built without permits, not according to building codes, or in violation of zoning laws and may not legally be used or occupied as contemplated by Buyers (collectively referred to as “nonconforming improvements”). The existence of a nonconforming improvement may have a negative impact on appraised value, ability to obtain financing, require a retrofit, impact habitability, preclude insurance coverage or result in fees, penalties and government enforcement actions. In some cases, nonconforming improvements may be subject to removal by local governmental agencies, including building, planning, zoning, environmental health, and code enforcement departments. Nonconforming or illegal rental units may be required to be vacated and possibly torn down. It might not be possible to legalize or bring such nonconforming improvements up to current code because of zoning or permit issues or other legal or regulatory limitations. Even if a nonconforming improvement was built according to the then-existing code or zoning requirements, it may not be in compliance with current building standards or local zoning. As such, commencing any new construction or remodeling projects may not be possible or may require bringing nonconforming improvements into compliance with current requirements. It is also possible that local law may not allow nonconforming improvements that now exist to be rebuilt in the event of damage or destruction. While Sellers are obligated to disclose all known nonconforming improvements, Sellers may not be aware of all nonconforming improvements or uses, especially those that were made prior to the Sellers’ ownership of the Property.

Buyers are strongly urged to investigate the possible existence and status of all possible nonconforming improvements by reviewing all files maintained by governmental agencies for the Property (including those listed above), as well as obtaining the advice of contractors,

architects, engineers or other professionals to verify the actual status of all permits, legal requirements and the effect of such requirements on past, current and future use of the Property, its development and size limitations during the Buyers' inspection period, if any. Brokers are not required by law to inspect public records and cannot determine the legal status of improvements based solely on their required visual inspection of the Property. Brokers have not verified and will not verify any of the issues detailed in Paragraph 29.

Although state law has made it easier, under some circumstances, to add units and/or to do lot splits on properties that are zoned for single family dwellings, the ability to make such changes to any property is still subject to local regulation and Brokers cannot determine or verify the future use or development of any property.

Obtaining and finalization of permits may trigger additional retrofit requirements that are not required as a condition of sale. Examples including, but are not limited to, water conserving plumbing fixtures and safety devices for pools and spas. See Paragraphs 13 and 34.

30. FUTURE REPAIRS, REPLACEMENTS AND REMODELS: Various federal, state and local governmental agencies impose limitations and restrictions regarding house size, configuration, design, construction and landscaping materials and development of real property depending upon the general location of the Property (e.g., if it is in the Coastal Zone, abuts waterways or is in a designated watershed area or environmental protection zone). Replacement or repairs of certain structures or systems or remodels of portions of the Property may trigger requirements that homeowners comply with laws and regulations that either come into effect after Close of Escrow or are not required to be complied with until the replacement, repair or remodel has occurred. For example, remodeling or repairs may trigger the need to upgrade the electrical system, the type and number of smoke alarms, installation of water conserving plumbing fixtures (see Paragraph 13). Incentives may be available from some utilities to install energy efficient appliances. Permit or code requirements and building standards can change over time, resulting in increased costs to repair existing features or the inability to make any future repair, replacement, remodel or addition to the Property. Changes to state and federal energy efficiency regulations may impact the installation, replacement and some repairs of roofs, windows, water heaters heating and air conditioning units ("HVAC"). Federal Environmental Protection Agency ("EPA") regulations require phasing out the use of R-22, freon which may also impact repairs and replacements of existing air conditioning units and heat pumps. State regulations require that when installing or replacing HVAC units, duct work must be tested for leaks in some coastal areas. Home warranty policies may not cover such inspections or repairs. For further information on any of these issues, Buyers should, during Buyer's inspection period, if any, obtain the advice of land use professionals, contractors, architects, engineers or other relevant professionals and investigate with the appropriate governmental agency (e.g., building, planning, zoning, environmental health, code enforcement), the U.S. Department of Energy's website www.energy.ca.gov and the California Energy Commission's website: www.energy.ca.gov/title24.

Many homeowners use unlicensed repair people to save money. However, using unlicensed repair people may create problems because those individuals may not be qualified to do the work, they may not know all of the legal requirements for performance of that work and they may not have insurance, performance bonds or other means to enable them to financially stand behind the work performed. Brokers have not verified and will not verify any of the issues detailed in Paragraph 30.

31. PLANS (ARCHITECTURAL & CONSTRUCTION): Property owners often have architectural/construction plans and renderings, whether or not those plans were ever approved or used for any purpose. These plans and drawings do not "run with the land" even if the plans were used to build existing structures and even if they are on file with the local planning department. In most situations, Sellers' contracts with the architect specify that the plans remain in the possession of the architect; the Seller is granted a limited "non-exclusive license" to use that material. Thus, Sellers generally do not have the legal right to advertise, sell or give that documentation to Buyers without the express written authorization of the architect who in all likelihood has copyrighted the plans. Buyers who want to use the Sellers' plans and drawings for any purpose should contact the creator of the plans directly.

32. SMOKE ALARMS & CARBON MONOXIDE DEVICES: In addition to state law disclosure requirements on these topics, some cities or counties may require a smoke alarm inspection by a qualified inspector prior to the transfer of title. Sellers and Buyers should contact the local governmental agencies and all applicable regulators regarding the type, number and location of smoke alarms and carbon monoxide devices. Buyers need to determine whether an inspection or additional documentation is needed to certify proper installation and operation of the smoke alarms and ascertain the impact that these issues may have on the value, use, enjoyment or development of the Property. Fire department resources vary from district to district. Buyers should investigate these issues during Buyers' inspection period, if any.

33. RETROFIT, SAFETY & SECURITY REQUIREMENTS: Local laws may require installation of barriers, access alarms, self-latching mechanisms and other measures to decrease risks to children and others presented by swimming pools and hot tubs in addition to requirements imposed by the State of California. See Paragraph 34. Some local governments may impose additional retrofit standards, including, but not limited to, installing low-flow toilets and shower heads in addition to the requirements imposed by the State of California. State and local laws may require the installation of locking mechanisms on doors and window bars, operable smoke alarms and carbon monoxide devices, gas shut-off valves, spark arresters and tempered glass, bracing or strapping of water heaters, and completion of a corresponding written statement of compliance that is delivered to Buyers. Some local governments may impose additional retrofit standards, including, but not limited to, installing low-flow toilets and shower heads, gas shut-off valves, spark arresters and tempered glass. Unless specifically agreed in the Purchase Contract, the Property may not be in complete compliance with applicable requirements. To determine the retrofit requirements and any applicable penalties for non-compliance, and to determine the extent to which the Property complies with such standards, consult with the appropriate government agencies. To determine the costs, if any, consult licensed construction professionals.

34. POOL & SPA SAFETY: Commencing January 1, 2018, home inspection reports used in the sale of a single-family residence, must indicate whether or not a Property with a pool and/or spa has any of the 7 drowning prevention safety features described in Health & Safety Code Section 115925. Neither home inspectors nor Buyers and Sellers can agree to waive this requirement if there is a home inspection report but the new law does not obligate Sellers or Buyers to obtain a home inspection report.

Although it is important to have appropriate safety features in place to prevent drowning of small children, this law is not a retrofit requirement that must be completed as a condition of sale. At the time that a single-family residence is altered or improved and there are less than 2 safety features, then installation of 2 of the 7 drowning prevention safety features must be a condition of final permit approval. Therefore, Sellers and Buyers are advised to determine, prior to contract Acceptance, which Party will be responsible for the cost of adding any required pool/spa safety features. Real estate professionals are not obligated to and are not qualified to determine if the Property has any current safety features.

35. BALCONIES/DECKS INSPECTION & RETROFIT REQUIREMENTS: Effective January 1, 2019, state law requires an owner of multi-family buildings with 3 or more dwelling units to conduct an inspection of and make any necessary repairs to exterior decks, balconies and other components that are elevated more than 6 feet above the ground. The inspection must be completed by January 1, 2025 and will require subsequent inspection by January 1st of every six years thereafter. The purpose of the inspection is to determine whether the decks, balconies, and exterior elevated elements and their associated water proofing elements are in a generally safe condition, adequate working order, and free from any hazardous condition caused by fungus, deterioration, decay or improper alteration. State law requires that the inspection be performed by certain qualified professionals. The law sets forth timelines for the completion of the report, delivery to the owner, and completion of any repairs or replacement. Fines, penalties and/or liens on the property can be imposed for non-compliance with this law. State law allows cities and counties to enact their own regulations which may be stricter than the state requirements, including but not limited to extending the inspection and repair requirements to other exterior components, such as landings, exit corridors, stairway systems and other elements to determine if these structures are in safe condition, in adequate working order and free from hazards, dry rot, fungus, deterioration, decay, improper construction or hazardous conditions. Buyers are strongly urged to investigate possible inspection and retrofit requirements by personally contacting the local building inspection and code enforcement agencies as well as additional licensed professionals regarding the status and condition of any building components at the Property prior to removing any inspection contingency.

36. GARAGE DOOR SAFETY REQUIREMENTS: Effective July 1, 2019, in addition to existing safety standards regarding automatic reversing device standards, all new automatic garage door openers sold or installed in California must have a battery-operated back-up system to function during electrical outages. This state law is not a mandatory retrofit of existing garage doors; it only applies to new garage doors.

37. RE-KEYING: Buyers are advised to re-key all locks upon possession. Alarm system, (which may be leased, see Paragraph 5), should be serviced by professionals and all alarms codes should be changed by Buyers. Garage door openers and remotes should also be re-coded.

38. ON-LINE PHOTOS, INFORMATION & CONSUMER PRIVACY: Effective January 1, 2020, the California Consumer Privacy Act of 2018 ("CCPA") imposes new privacy obligations on certain types of businesses that collect "personal information" about California consumers. Not all individuals and/or entities with whom you interact during a real estate transaction are required to comply with the CCPA. For additional information, review the *PRDS® California Consumer Privacy Act Advisory*. Whether or not CCPA applies, photographs of the Property provided to the MLS and Brokers' websites may appear on other Brokers' sites as well as national data aggregation sites, including, but not limited to, Realtor.com, Zillow and Trulia. It is not possible for Brokers to remove photos from websites over which they have no control. Information regarding the Property and the neighborhood may exist online in various blogs, discussion boards, Nextdoor, Facebook pages, official neighborhood association and HOA sites. However, other unofficial sites written by third parties may also exist with postings about the community, people and properties. Some online site offer viewers the opportunity to express opinions and air complaints. The information available on official and unofficial sites may consist of opinion, speculation, unfounded assertions and rumors, making it difficult to determine what is and what is not true. Neither Seller nor any of the real estate licensees may be aware of, nor will they conduct a search of, any online information, even if they are using or have used those platforms to advertise goods or services. Sellers and real estate licensees are not obligated to verify, investigate, explain or remove commentary of third parties.

39. EPA REQUIREMENTS FOR PRE-1978 HOUSING: U.S. Environmental Protection Agency ("EPA") regulations require (a) that contractors be certified before performing work in homes built before 1978, (b) the use of lead-safe practices and other actions aimed at preventing lead poisoning, and (c) that property owners who wish to renovate, repair, or prepare surfaces for painting in pre-1978 rental housing or space rented by child-care facilities, before beginning work, also be certified and follow the lead-safe work practices required by EPA's Renovation, Repair and Remodeling rule. For further information, contact the U.S. EPA's Lead Information Center at 1-800-424-LEAD [5323], or go to: www.epa.gov.

40. HISTORICAL DESIGNATION, COASTAL COMMISSION, AND OTHER RESTRICTIONS ON IMPROVEMENTS AND LAND USE: The Property may be designated as a historical landmark, protected by historical conservancy, subject to an architectural or landscaping review process, lie within the jurisdiction of the California Coastal Commission or other government agency, or be subject to a contract preserving use of all or part of the Property for agriculture or open space. Specific structures, sites, trails, roads and natural features may be identified in a "General Plan" or local "Specific Plan" as requiring special treatment and various types of permits and other fees (especially if the Property is located along the California coastline). If the Property is specially designated on any governmental entity's list or map, there may be severe restrictions on Buyers' ability to retain existing features of the Property, develop, remodel, improve, remove, build or rebuild any of the structures or remove or trim trees or other landscaping. Buyers should investigate these issues during Buyer's inspection period, if any, by retaining the services of a land use consultant and contacting all applicable governmental agencies (including, but not limited, to local city and county planning departments, the California Coastal Commission (www.coastal.ca.gov), or call North Central Coast District Office at (415) 904-5260, the California Department of Fish and Wildlife (www.wildlife.ca.gov) and the U.S. Army Corps of Engineers at: www.spn.usace.army.mil). See also Paragraph 30 of this Advisory. Brokers have not verified and will not verify any of the issues detailed in Paragraph 40.

41. RENTAL PROPERTY, RENT CAPS & JUST CAUSE EVICTION: Effective January 1, 2020, with certain exemptions, California law limits the amount of rent increases that can be made by Landlords during any 12 month period of time and establishes "Just Cause" requirements for evicting Tenants who have continuously and lawfully occupied the Property for 12 months or more. This state law establishes criteria and procedures for At-Fault Just Cause Evictions, No-Fault Just Cause Evictions as well as Tenant payments for No-Fault Just Cause Evictions. Existing and future local ordinances may also apply to the frequency and amount of any rent increases as well as the ability to evict Tenants depending upon whether or not the local law is more restrictive on the Landlord than the state law. Rental property that is offered to the public must be done in compliance with all state and federal fair housing laws including but not limited to, making reasonable accommodations for individuals with disabilities and/or with service/assistance/companion animals. State law prohibits Landlords from refusing to rent to Tenants who intend to operate a day care facility; a residence with up to 14 children is deemed to be a legitimate residential use. State law also prohibits Landlords from discriminating against Tenants on the basis of their source of income, such as "Section 8", the informal name for the federal housing choice voucher program administered by HUD. Several HOAs already have or are considering imposing restrictions on new owners who intend to rent out some or all of their Property which may differ from rules for existing owners.

Landlords must provide various disclosures and advisories to Tenants and comply with state and local Landlord-Tenant regulations. For example, commencing July 1, 2020, Landlords must disclose, in writing, if the Property is exempt from the Just Cause Eviction requirements. Landlords must

also comply with Civil Code Section 827 when giving tenants notices of rent increases. Effective January 1, 2022, Landlords must provide tenants with a booklet entitled "Information on Dampness and Mold for Renters in California". Other statewide Landlord notice requirements include, but are not limited to, providing Tenants with a statutory flood hazard disclosure and a bedbug notice to all Tenants. Landlords must also comply with other regulations to eradicate bedbugs. Effective July 1, 2022, rental property may be subject to a government lead inspection if a city or county receives a complaint of a substandard building or lead hazard violation from a tenant, resident or occupant.

Sellers and Buyers of tenant-occupied property should consult with their own Local Landlord-Tenant Attorney to determine the legal viability of entering into an agreement that the Property shall be vacant prior to the Close of Escrow. Buyers intending to use some or all of a Property for rental purposes should investigate the condition of the Property and all rental property issues with appropriate governmental authorities, the relevant HOAs, and a Local Landlord-Tenant Attorney during Buyers' inspection/investigation contingency period, if any. Brokers are not qualified to provide legal advice and they are not qualified to determine which Landlord-Tenant laws apply to any given Property or Tenancy.

Although state law encourages construction of secondary housing units (an accessory dwelling unit "ADU" or "in-law unit") and prohibits HOAs from unreasonably restricting building an ADU on an owner's separate interest, the ability to construct those units and/or to rent those units to Tenants is still subject to local jurisdiction regulations and approvals. If Buyers intend to construct or use secondary units for rental purposes, they should investigate the financial and legal feasibility of those improvements and uses with appropriate experts during Buyers' inspection contingency period, if any. Brokers are not qualified to make those determinations.

42. RENTAL (SHORT-TERM & VACATION): Various local governmental entities and HOA have enacted, or are considering enacting, regulations on the ability of owners to rent out some portion or all of their Property on either a short-term (30 days or less) or long-term basis using services such as Airbnb and VBRO. Existing and proposed regulations may include a complete prohibition against certain types of rentals, licensing, permit requirements, special health and safety inspections, taxation and/or restrictions such as a limitation on the number of nights per month, total number of renter occupants, parking requirements and noise restriction. State law has increased the minimum fines that are imposed for short term rentals that pose a threat to public health and safety. Renting out one's Property may also be impacted by subdivision and HOA Covenants, Conditions, and Restrictions ("CC&Rs"). In some areas, the HOA and/or governmental entities are classifying short-term and vacation rentals as constituting the running of a business out of a residence which is often prohibited in CC&Rs and/or requires approval of a home occupation permit from the local governmental entity. Neither Sellers nor Brokers can predict if, or when, any jurisdiction or HOA will adopt regulations, limitations or prohibitions on rentals in the future. Buyers who are considering using their Property for short-term or vacation rentals are strongly encouraged to investigate current and pending governmental and/or HOA rules and regulations related to rentals, insurance coverage, and the existence of taxation such as a Transient Occupancy Tax ("TOT") and to review that documentation with a qualified California real estate attorney as well as their own insurance broker prior to the Close of Escrow.

43. MELLO-ROOS DISTRICTS, 1915 BOND, AND OTHER FACILITIES DISTRICTS: The Property may be subject to an improvement bond assessment under the Improvement Bond Act of 1915 and a levy of a special tax pursuant to a Mello-Roos community facilities or other district. The existence of Mello-Roos and 1915 Bond districts should be referenced in a report by a Natural Hazard Disclosure ("NHD") company. Most other assessment districts will be reported in the Preliminary Report from the title company. Still others may be disclosed by Sellers or local disclosure. Sellers are generally required to make a good faith effort to obtain a disclosure notice from any local agency collecting such taxes and deliver such notice to Buyers. The responsibility for prorating or paying taxes and assessments should be determined as part of the negotiations for the Purchase Agreement.

44. "SUPPLEMENTAL" PROPERTY TAX BILL; ACCURATE SALES PRICE REPORTING: Pursuant to Civil Code § 1102.6(c), Seller or Seller's agent is required to provide the following "Notice of Your "Supplemental" Tax Bill" to the Buyer.

"California property tax law requires the Assessor to revalue real property at the time the ownership of property changes. Because of this law, you may receive one or two supplemental tax bills, depending on when your loan closes."

"The supplemental tax bills are not mailed to your lender. If you have arranged for your property tax payments to be paid through an impound account, the supplemental tax bill will not be paid by your lender. It is your responsibility to pay these supplemental bills directly to the Tax Collector. If you have any questions regarding this matter, please call your Tax Collector's Office."

Although this statutory Supplemental Tax Bill Notice refers to a loan closing as a trigger, it is actually the change of ownership which triggers this reassessment. Therefore, the Property can be reassessed even if there is no loan involved in the purchase of the Property. The Purchase Agreement may allocate supplemental tax bills received after the Close of Escrow to the Buyer. A change (preliminary change) of ownership form is generally required to be filled by the Buyer with the local taxing agency which identifies the sale price of the Property; however the Assessor may value the Property at its fair market value regardless of the sales price. Parcel and other types of taxes may be added and/or increase over time. For further information concerning these matters, Buyer should contact the County Assessor or Tax Collector and/or Buyer's own tax or legal advisors. Brokers do not have expertise on the issues in Paragraph 44.

45. PACE: California First, also known as PACE ("Property Assessed Clean Energy"), is a program available to homeowners to help with energy and water conservation improvements to their property. Through PACE, property owners may finance such projects as adding insulation or installing more energy efficient furnaces, drought tolerant landscaping or other conservation measures. Buyers and Sellers are cautioned that these financed funds become a line-item obligation on future property tax bills and are usually not listed on Preliminary Reports from Title Companies.

Note: Some lenders may not allow PACE financing because it affects their security interest. Effective January of 2018, Federal Housing Authority ("FHA") has announced that they will not insure any mortgage with a PACE lien in place. Buyers and Sellers are advised to consult with qualified tax, financial and legal advisors regarding the ramifications of an existing PACE loan and whether or not to apply for a PACE loan. Sellers should disclose the known existence of, and any other information regarding, PACE financing relating to the Property.

46. FIRPTA/CALIFORNIA WITHHOLDING: Federal law nominally requires Buyers to withhold and remit to the Internal Revenue Service a set percentage of the purchase price if a Seller is a non-resident alien, unless an exemption applies. The original 10% withholding amount is increased to 15% where the sales price is \$1 million or more. Sellers may avoid this federal withholding requirement by providing to Buyers a "FIRPTA" statement duly claiming exempt status. The statement must be signed by each Seller under penalty of perjury and include each Seller's taxpayer identification number. Alternatively, a "Qualified Substitute" (such as the escrow holder) can state under penalty of perjury that it has verified the required taxpayer identification information. The Purchase Contract may impose time limits on how quickly the Seller must provide the required documentation. Buyers can also avoid the federal withholding requirement if the Property purchase price is \$300,000 or less and Buyers sign an affidavit stating that they intend to occupy the Property as their principal residence. California law requires that Buyers withhold and remit to the Franchise Tax Board 3-1/3% of the purchase price unless the Sellers sign an affidavit that the Property was the Seller's (or the decedent's if a trust or probate sale) principal residence or that another exemption applies. Exemptions from withholding also apply to legal entities such as corporations, LLCs, and partnerships. Brokers cannot give tax or legal advice. Buyers and Sellers should seek advice from a Certified Public Accountant, attorney or taxing authority.

47. DEATH ON THE PROPERTY: California law requires that all Sellers, whether or not exempt from completing any specific disclosure forms, disclose any death on the Property and the manner of death that occurred less than three years of the date an offer to purchase is made. Although the California Legislature deems deaths that occurred more than 3 years prior to the date of sale not to be "material facts," any responses by Sellers and Listing Agents to direct questions on that topic must be truthful. Buyers who have questions or concerns about this topic should put their inquiries in writing for a written response, if any, from Sellers.

48. TRANSFER DISCLOSURE STATEMENT: Unless exempt, Sellers of residential property consisting of 1 to 4 units must complete a Real Estate Transfer Disclosure Statement ("TDS") even if the property is being sold "AS IS". The Parties cannot waive this statutory requirement. Seller must, for example, disclose any past or current lawsuits affecting the Property of which they are aware and disputes regarding construction defects with references to Civil Code Sections 900, 903, 910 and 914. See Paragraph 6 above. If Sellers have any questions regarding how to respond to any of the questions in the TDS, any supplements to the TDS, any other questionnaires, inquiries from Buyers or how to disclose any known material fact, Sellers should consult with their own qualified California real estate attorney.

If Sellers become aware of new information that affects the value, development, use and enjoyment of the Property that the Buyers are not otherwise aware of or has already been disclosed to the Buyers, Sellers may be required (depending upon, e.g., the purchase contract form) to amend the TDS and give Buyer a right to rescind the contract within 3 days of personal delivery (or 5 days of mailing/emailing) of the amended TDS. If Sellers have any questions regarding the obligation to provide and/or the benefits of providing an amended TDS, they should consult with a qualified California real estate attorney. Brokers do not have the requisite expertise to provide advice on the issues in Paragraph 48.

49. NATURAL HAZARDS DISCLOSURE: Unless exempt, Sellers of residential property consisting of 1 to 4 units must disclose known natural hazards on the Natural Hazards Disclosure Statement ("NHDS") form. Sellers generally retain the services of a third-party natural hazards disclosure company to review public records and maps to provide that information to Buyers. Where a Seller is exempt or is otherwise not required to provide the NHDS, it is recommended that Buyers still secure a NHD report to be informed of natural hazards which could affect the use and development of the Property. Some NHD companies provide information based upon federal, state, county and local sources, but these sources are not always consistent with each other, the maps relied upon may change over time, and the thoroughness of the report may vary depending upon the company chosen and the cost of the report. Buyers should carefully review all sources relied upon in the NHD report. Not all NHD companies use the same sources and some do not include all of the local information. Buyers should not rely exclusively on the NHDS or the accompanying NHD reports for all information regarding natural hazards which may affect the Property. Buyers who have questions about any NHD report should contact the NHD company that issued the report. Although some NHD providers are licensed geologists, they are not conducting a geological examination of the Property. Buyers should have the actual Property inspected by a licensed geologist, geotechnical engineer, or other licensed professionals to evaluate the past and current condition of the Property so as to assess its value, future use and development. Brokers are not qualified to determine the location or extent of natural hazards or to explain the contents of NHD reports.

50. GEOLOGIC HAZARDS: California has experienced earthquakes of varying sizes and frequency. There is always a potential for future earthquakes. Earthquake damage may not be discoverable by Buyers' or Brokers' visual inspections. Inspection by a licensed structural engineer is strongly recommended to determine the structural integrity and safety of all improvements on the Property. If the Property is a condominium, or is located in a planned unit or common interest development, Buyers should contact the Homeowners' Association regarding earthquake repairs and retrofit work. Buyers are encouraged to obtain and read the pamphlet entitled "The Homeowners Guide to Earthquake Safety." If the home was built prior to 1960, Sellers may be required to complete a questionnaire within that pamphlet. If the Property was built before 1975 and contains structures built with masonry or precast (tilt-up) concrete walls, Sellers must provide Buyers with a pamphlet entitled "The Commercial Property Owner's Guide to Earthquake Safety." Many areas have a wide range of geologic problems and numerous studies have been made of these conditions. Some of this information is available for review at city and county planning departments. Buyers should review public maps and reports and/or obtain a geologist's inspection report rather than relying solely on the NHDS (see Paragraph 49). Buyers may be able to obtain earthquake insurance; Sellers who agree to provide financing should also consider requiring Buyers to obtain such insurance.

51. EARTHQUAKE FAULT ZONES AND SEISMIC HAZARD ZONES: California law requires the delineation and mapping of "Earthquake Fault Zones" along known active faults and "Seismic Hazard Zones." Affected cities and counties must regulate construction projects within these zones. Improvement of affected properties may be subject to the findings of a geological report prepared by a registered California geologist. However, earthquakes and seismic hazards may occur outside designated zones. For further information, Buyers should make independent inquiries of any research company retained by Sellers (see Paragraph 49) or with appropriate government agencies concerning the use and improvement of the Property during the Buyers' inspection period, if any.

52. FIRE HAZARDS, HOME HARDENING & DEFENSIBLE SPACE: Fires annually cause the destruction of many properties in California. Due to climate and topography, certain areas have higher risks of fires than others. Certain fire hazard zones are reported in the NHDS (see Paragraph 49). Certain types of materials used in home construction create a greater risk of fire than others. However, there is a potential for fires even outside designated zones. Wildfire disasters can create health and safety concerns in the aftermath of clean-up efforts, as well as unknown and possible future concerns related to the rebuilding of infrastructure in the impacted areas. Some of the concerns and issues of wildfires include, but are not limited to: lot clearing costs; environmental clean-up concerns; local, state and/or federal regulations for issuing

permits and/or for authorizing rebuilding efforts; availability and cost of securing appropriate insurance coverage and/or utilities; construction-related inconvenience and delay; and the impact that federal, state or local disaster declarations may have on materials, prices, costs and rent. State and local jurisdictions may require that homeowners maintain their properties by means of weed/brush abatement, tree trimming and other measures to create “defensible space” in a fire hazard area.

Effective January 1, 2021, Sellers of property built before January 1, 2010 that is located in high or very high fire hazard severity zones who must complete a Real Estate Transfer Disclosure Statement must also disclose their awareness of the property’s fire hardening vulnerabilities. Effective July 1, 2021 Sellers of property that is located in high or very high fire hazard severity zones who must complete a Real Estate Transfer Disclosure Statement must also disclose whether or not there are any local ordinances regarding defensible space or local vegetation management ordinances regardless of the age of the property.

Fire prevention steps may be required of property owners in some areas. Properties located in a high or very high fire hazard severity zone may be subject to CalFire building and use restrictions which can impact the rebuilding, renovation and/or expansion of existing structures and the building of new structures. Information on minimum annual vegetation management standards to protect homes from wildfires may be obtained at www.readyforwildfire.org. Additional information may be obtained at the California Department of Forestry and Fire “CalFire” website <http://fire.ca.gov/>. CalFire also has a “Fire Hazard Severity Zone Viewer” at <https://gis.data.ca.gov/datasets/> which may be used to determine if a property is in a fire hazard zone, if any. For further information, Buyers should contact the local fire department as well as Buyers’ insurance agent during Buyers’ inspection period, if any, regarding the risk of fires. Buyers should consult with all applicable governmental agencies regarding any questions about fire safety zones and applicable regulations; Buyers should also investigate with Buyer’s own construction, architectural and development experts regarding any planned future use or development of the Property. Brokers do not have expertise on the issues addressed in Paragraph 52 and will not verify the fire hazard severity zone of the Property.

53. FLOOD HAZARDS/ZONES: The National Flood Insurance Program identifies flood plain areas and establishes flood-risk zones within those areas which are shown on the NHDS (see Paragraph 49). That program mandates flood insurance for properties within high-risk zones if loans are obtained from a federally-regulated financial institution or are insured by any agency of the United States government. The extent of coverage and costs may vary depending upon which flood zone applies and some properties may now be required to have an elevation certification on file with the local government in order to obtain insurance coverage. Buyers should recognize that there is potential for flooding even outside designated zones; flood maps and flood designations may change over time which could impact the future use, value, desirability or development of the Property as well as its insurability. Changing sea levels and heavy rainfall may also cause potential flooding. For further information, Buyers should consult their lender, insurance agent and the Federal Emergency Management Agency (“FEMA”) during Buyers’ inspection period, if any.

54. ENVIRONMENTAL HAZARDS: The presence of such environmental hazards as lead-based paint and other lead contamination, asbestos, formaldehyde, radon, methane, other gases, fuel oil or chemical storage tanks, contaminated soil or water, hazardous waste, waste disposal sites, electromagnetic fields, nuclear sources, urea formaldehyde, tri-chloro-ethane or tri-chloro- ethylene (a.k.a. “TCE”), and other conditions and materials may adversely affect the Property and may cause health problems to people and animals. Buyers should have qualified experts inspect the Property for existing and potential hazards during Buyer’s inspection contingency period, if any. Not all inspectors are licensed and licenses are not available for all types of inspection activities. Buyers and Sellers should also read the pamphlets entitled “Residential Environmental Hazards; A Guide for Homeowners, Homebuyers, Landlords and Tenants” and “Protect Your Family from Lead in Your Home.”

55. MOLD: Mold is one type of environmental hazard. The presence of toxic and non-toxic mold, fungi, mildew and other organisms (collectively referred to as “Mold”) may adversely affect the Property. Current information indicates that some types of Mold may cause severe health problems for certain individuals, but not everyone. Not all Molds are detectable as part of a visual inspection by a Broker or even a professional whole-house inspector. It is also possible that the Property could have a hidden Mold problem unknown to the Sellers. The only way to provide any reasonable assurance that the Property does not have a Mold or other health hazard problem is to retain the services of an environmental expert to conduct specific tests at the Property. These tests customarily consist of an interior and exterior examination for airborne spores and a carpet test, but other procedures may be necessary. Any visible Mold should be professionally evaluated. Brokers have not verified and cannot verify whether there is or is not any type of health hazard.

Buyers should consider having a specific Mold test performed by an environmental professional as either a separate investigation or an add-on to their whole-house inspection. This is especially necessary if a Buyer has a known problem with Mold or if any of the inspection reports or disclosure documents indicate that evidence of past or present moisture, standing water or water intrusion at the Property, since most Mold thrives on moisture. All inspections, including those to detect Mold, should be completed during Buyer’s inspection period, if any. Any waiver or failure on the part of Buyers to complete and obtain all appropriate tests, including those for Mold, is against the Brokers’ advice. For more information about Mold, Buyers should consult the Environmental Hazards Pamphlet referenced in Paragraph 54.

56. UNDERGROUND STORAGE TANKS (“UST”): Many homes may have or have had an underground storage tank (“UST”) for the fuel oil that fired the furnace or for storage of gasoline or oil. As natural gas became the standard fuel for home furnaces, virtually all of the old furnaces were replaced. However, many USTs remain buried on some properties and cannot be detected as part of a visual inspection. The California State Water Resources Control Board regulates all residential USTs in California. The licensing, inspection and regulation of residential USTs is currently not required if the tanks capacity is less than 750 gallons and it was used for fuel oil only. However, this does not guarantee that any given property would be exempt from abatement if a UST is discovered. Each municipality has different regulations that may include tank removal and soil cleanup of any toxic material that may have leaked from the UST. For further information, contact the Public Works Department, Building Department and Fire Department for the Property.

57. GOVERNMENTAL SERVICES: Economic and political factors may impact the cost, nature and extent of available governmental services including, but not limited to, law enforcement, fire protection, postal service and public works. Buyers should investigate the impact that these issues may have on the value, development, use and enjoyment of the Property during their inspection period, if any. Brokers have not verified and will not verify the issues addressed in Paragraph 57.

58. SCHOOLS: Neighborhood schools normally serving the Property may not have space available in current or upcoming school years and some schools may be impacted by busing, overcrowding, financial cutbacks, academic achievement difficulties, possible closings and other

issues. Each school district has its own rules regarding school assignments and these rules may change at any time with little notice. The ability to provide schooling for children with special needs varies greatly in different communities. Buyers should thoroughly investigate these and other issues with local school districts during Buyers' inspection period, if any. Brokers have not verified and will not verify the issues in Paragraph 58.

59. NOISE AND ODORS: Levels and types of noise and odors that bother one person may be acceptable to others. Factors which can impact these subjective, sensory issues include, but are not limited to, various types of trains, buses, light rail, BART, freeways, nearby farming industry, construction, neighbors' indoor and outdoor activities, crops, animals and other causes. The Bay Area is also served by three international airports, several municipal and private airports and Moffett Field. Aircraft fly over virtually all residential areas creating noise levels that vary depending upon the aircraft type, size, altitude, time of flight, weather conditions and on the Property's proximity to flight paths and airports. Local amenities, facilities and venues including, but not limited to, the Shoreline Amphitheater, Mountain Winery, Montalvo Center for the Arts, Great America, Levi's Stadium, Avaya Stadium, SAP Arena, schools, parks and ball fields, produce noise at various times. Some coastal properties may be impacted by tsunami warning systems. Buyers should visit the Property at various days and times to personally determine noise and odor levels; Buyers should also contact the respective transportation agencies to determine whether potential noise and odors levels are acceptable to Buyers and will impact the value, development, use and enjoyment of the Property.

60. SMOKING & VAPING ORDINANCES: The Counties of Santa Clara and San Mateo as well some cities in those counties have or are in the process of enacting smoking ordinances regulating smoking pollution from a variety of tobacco and non-tobacco devices, including but not limited to vaping, within some types of residential property. These regulations may limit or affect where smoking is permitted, the terms of any applicable lease agreements, the smoker's responsibilities to others for the effects of second-hand smoke and other issues. Different rules may apply to multi-unit residences. CC&Rs and homeowners' association rules and regulations may also address these issues. For more information, Buyers should go to the applicable governmental website and should contact the homeowners' association.

61. MARIJUANA & DRUG LABS: Effective January 1, 2018, California has passed laws legalizing marijuana ("cannabis"); however, that statewide law requires local cities and counties to enact regulations for the issuance of permits and licenses prior to anyone using, cultivating, distributing and/or selling cannabis. Those regulations can include, but are not limited to, a determination as to the availability of water and other resources to grow cannabis. NOTE: there are still federal laws which may make those activities illegal and the federal government's ability to enforce its stricter restrictions in states such as California that have passed contrary legislation is still possible. If Buyers are intending to purchase property that has been used for cultivation, distribution and/or sale of cannabis or if Buyers are intending to purchase property for those same purposes, Buyer should consult with a local, qualified California real estate attorney who has expertise in this area. Cultivation or storage of marijuana may cause damage or alteration to the Property which may not be visibly apparent.

The new State laws allow landlords to prohibit/regulate smoking of marijuana in or on the landlord's property as well as to allow landlords to prohibit the cultivation, distribution and sale of marijuana for any purpose.

Some properties may have been used as illegal methamphetamine labs. California law requires owners to notify occupants of such usage. Depending upon the circumstances, special clean-up efforts may be needed. Buyers should consider hiring an environmental hygienist contractor and other appropriate professionals to inspect a property where marijuana activity has taken place or where there has been a methamphetamine lab. Brokers are not qualified to make any determinations regarding the issues in Paragraph 61.

62. CRIME: The existence of crime is a fact of life. Some areas experience more crime than others and crime statistics for various areas may rise and fall over time. Local law enforcement agencies may target designated areas for special, but temporary, enforcement measures. Individual criminal acts may occur anywhere and may or may not be reported to law enforcement or news sources. During their inspection contingency period, if any, Buyers should check with local law enforcement agencies if concern over criminal activity is a factor in the purchase of the Property. Brokers do not undertake these investigations and do not have the necessary expertise to evaluate criminal activity.

63. "WIRE FRAUD" SCAM ALERT: Recently some Buyers and Sellers have received emails purportedly sent by their agent or an escrow company providing wire transfer information, but that are actually sent by hackers who re-direct the funds to the hacker's account with an off-shore site. Buyers and Sellers should confirm all email wire transfer instructions directly with the escrow officer by calling the escrow officer directly and personally confirming verbal wire transfer instructions before taking any steps to have their funds transferred. If a questionable wiring instruction has been received, Buyers and Sellers should promptly notify their bank, their real estate broker and the escrow officer, as well as the FBI at www.fbi.gov or the Internet Complaint Center at www.ic3.gov.

64. FREEWAYS, HIGHWAYS AND STREETS: The ability to travel on public roads varies greatly due to present and future changes in those roads, development and construction of other properties, weather, traffic congestion, and such other factors as peak travel times. Public and private events and venues can add substantially to travel times, and resultant traffic impacts may adversely affect the value, development, use and enjoyment of the Property. Buyers should assess their own transportation needs and investigate relevant transportation issues during various times and days of the week during their inspection period, if any.

65. TRAINS AND BART: Caltrans operates commuter trains that run daily from San Jose to San Francisco and make stops in Santa Clara and San Mateo Counties. A railroad train also runs between San Jose and Cupertino several times a week. Freight trains operate at various times of day and night in both counties. The Bay Area Rapid Transit district operates trains. Trains, train tracks and train stations may create noise, impact local streets, and affect the value and desirability of some property. Under regulations issued by the Federal Railroad Administration, trains must produce a distinct, separate, sequential blast at various grade crossings (where a street crosses the tracks) and whenever a train engineer sees a trespasser near the tracks. Caltrans has relocated horns onto the top of the locomotives, increasing the volume and range of the sound. Caltrans is attempting to balance neighborhood noise concerns with required safety regulations. Since ultimate impact on the Property or Buyers of any type of train traffic is subjective in nature, Buyers are advised to personally investigate these issues during their inspection period, if any, to determine their potential impact. For more information, go to www.caltran.org; www.bart.gov.

66. HIGH-SPEED RAIL: On November 5, 2008, California voters approved Proposition 1A authorizing funding of a high-speed rail transportation system ("HSRTS") linking various cities in the State. Both the location of the proposed HSRTS and the possible effect that the construction and operation of that system will have on residential areas has been the subject of concern and debate. Some news reports have

indicated that, depending upon the location of the HSRTS, it may have a negative effect on some properties in the San Francisco Bay Area. Precisely what impact, if any, the proposed HSRTS system will have on the Property or Buyers preferences is unknown either before, during or after construction and is subjective in nature. Brokers are not experts in this area and Buyers are advised to satisfy themselves with regard to this issue during their inspection contingency period, if any. The California High-Speed Rail Authority ("Authority") is responsible for planning, constructing and operating that HSRTS; Buyers can obtain more information at www.cahighspeedrail.ca.gov.

67. INSURANCE - CLUE REPORTS: Buyers should consult an insurance broker during Buyers' inspection period, if any, to determine the cost of homeowners' insurance, the types of available coverage and any restrictions that the carrier might impose. Some insurance companies may impose such retrofit requirements as installation of safety glass, fireplace spark arrestors, and a gas shut-off valve. (The fact that an insurance company may require these repairs as a pre-condition of coverage does not necessarily mean that a Seller is otherwise legally obligated to install such devices). Insurance coverage for certain high fire risk, hillside, oceanfront and brush properties may only be available from the California Fair Plan; coverage may be limited and the cost of this insurance may be increased. Buyer's own insurance agent should be consulted during Buyer's inspection contingency period, if any, regarding the availability of coverage under the California Fair Plan and the length of time it may take for processing a California Fair Plan application. Flood insurance may also be required from the National Flood Insurance Program (see Paragraph 53). If the Property is a condominium or part of a common interest development, the Homeowners' Association may provide some insurance coverage for the common area and units, but the Homeowners' Association may not provide coverage for the individual units or the homeowners' personal belongings. Buyers should ask for a copy of the Homeowners' Association insurance certificate and provide that to their own insurance broker to ensure that adequate coverage is provided for. Buyers should also consider asking Sellers order a C.L.U.E. report, (a 5-year history of past insurance claims) on the Property. Some insurance companies at various times have stopped issuing homeowner's insurance policies in California as well as in other states as a result of the increase in mold claims. Some insurance companies will not issue a homeowner's policy on a home that has had any mold or water intrusion claims within the last five years. Obtaining homeowner's insurance may be difficult, if not more expensive, where either the Seller or the Buyer has made a mold or water intrusion claim within the last five years. During their inspection or insurance investigation, Buyers should assure themselves that homeowner's insurance can be obtained on the Property.

In the event that the Parties propose either that Seller retain possession of the Property after escrow closes (for any period of time), or that Buyer obtain possession prior to the Close of Escrow, the Parties should first consult with their insurance brokers to ascertain the availability of necessary insurance coverage.

68. TITLE INSURANCE: Buyers generally receive a Preliminary Report ("Prelim") from a title company as part of the Buyer's investigation of the Property. California law provides that a Prelim is only an offer of title insurance and is not a guarantee of title. The Prelim may not contain every item affecting title. Buyers should carefully review the Prelim and investigate all of the underlying documents that are referenced as policy "exceptions" or "exclusions". Although lenders must disclose that title insurance is optional, Brokers strongly encourage Buyers to purchase title insurance as recommended in the Mandatory Notice of California Civil Code Section 1057.6 which states, "Important: in a purchase or exchange of real property, it may be advisable to obtain title insurance in connection with the Close of Escrow since there maybe prior recorded liens and encumbrances which affect your interest in the property being acquired. A new policy of title insurance should be obtained in order to ensure your interest in the property that you are acquiring."

69. HOME WARRANTY: Buyers and Sellers can purchase home warranty plans that cover, both before and after Close of Escrow, various systems of the Property. Sellers can obtain coverage for the Property during the listing period. For an additional premium, upgraded policies providing additional coverage for, e.g., air conditioning, pool, spa, appliances, well and other features may be available. Home warranties do not cover every aspect of the Property and may not cover pre-existing conditions, upgrades for repairs required by state or federal laws. Buyers should review the availability of various home warranty plans during Buyers' inspection period, if any.

70. COMMON INTEREST DEVELOPMENTS ("CID") & CC&Rs: If the Property is a condominium or is located in either a planned unit development or common interest subdivision, there will probably be a HOA as well as governing documents that pertain to the HOA, individual properties and the common area. HOA rules and regulations may limit Buyers' use and enjoyment of the Property. Buyers should keep in mind that HOA governing documents can change over time (by board action, the member approval process and/or court action thus there is no guarantee that the Buyers' future intended uses will be allowed. For more information about the types of governing documents, the duties and obligations of Sellers and Buyers, please review the PRDS® Common Interest Development Advisory.

If there are any unlawful discriminatory covenants contained in recorded CC&Rs, Owners and future Owners have the right to have that language removed through the restrictive covenant modification process that is handled by the County Recorder's office.

71. PRIVATE TRANSFER FEE: A private transfer fee ("PTF") is a payment required and imposed within CC&Rs or other recorded instruments and due upon transfer of title. Sellers must disclose the existence of any PTF, the amount of the fee required, a description of how the fee is calculated, the entity that is to be paid, the purposes for which the fee will be used, and the date or circumstances under which the obligation to pay the transfer fee expires, if any. Since Seller may not actually know whether the Property is subject to a PTF, Buyers should carefully examine any and all title documents and consult with a Title Officer to determine this issue.

72. NON-CONFIDENTIALITY OF OFFERS: Sellers or Sellers' representatives may not be legally obligated to treat the existence, terms or conditions of any Buyers' offer as confidential unless confidentiality is required by law, regulation, or a confidentiality agreement exists between the parties. Sellers and Buyers should carefully consider the relative need, value, advantage and disadvantage of requiring the execution of a confidentiality agreement as a precondition to submittal of an offer in consultation with a real estate attorney early enough in time for the attorney to prepare a satisfactory confidentiality agreement (if any) and for it to be delivered to Broker prior to presentation of Buyers' offer.

73. LIQUIDATED DAMAGES: A liquidated damages clause enables Buyers and Sellers to set a cap on the maximum amount of damages that Sellers may recover if Buyers breach the Purchase Contract. The liquidated damages clause in a real property purchase contract needs to be separately initialed by both Parties to be enforceable. For any deposits put into escrow after the initial deposit to be subject to the liquidated damages clause, there must be a separately signed or initialed agreement made at the time of the subsequent deposit. If the Property contains 1 to 4 residential units, one of which the Buyers intend to occupy, California Civil Code §1675 limits the amount of deposit that is subject to the liquidated damages clause to a maximum of 3% of the purchase price. Even if Buyers and Sellers agree to include liquidated damages in the

Purchase Contract and there is a breach of contract by Buyers, the deposit will generally not be released by the escrow holder without mutually consistent written instructions from the Buyers and Sellers or a decision by a judge or arbitrator. Buyers and Sellers must decide on their own, or with the advice of legal counsel, whether to agree to a liquidated damages clause. California law prohibits including in the Purchase Contract any other type of remedy (such as a release or forfeiture of deposit or a non-refundable deposit) aside from the statutory liquidated damages clause for the Buyers' breach of contract. Brokers cannot give any legal advice about the issues in Paragraph 73 or determine who is entitled to receive the deposit. Any questions on these topics should be referred to a qualified California real estate attorney.

74. MEDIATION AND ARBITRATION: Mediation is a form of dispute resolution which involves hiring a neutral third party (the "Mediator") to facilitate informal discussions and negotiations with the goal of reaching a settlement of the dispute; the Mediator does not determine who is right or who is wrong. The Parties involved in the mediation generally share in the cost of this confidential, non-binding process. If no settlement agreement is reached, either Party may pursue further legal action as provided in the Purchase Contract. A Party's failure or refusal to mediate before resorting to arbitration or judicial action may result in that Party losing the right to recover their attorney's fees even if he or she prevails. Which Parties should be involved in mediation and who should serve as the Mediator are issues that need to be determined by an attorney. Brokers are not qualified to represent Buyers or Sellers in resolving disputes through mediation since Brokers cannot give legal advice. Brokers are not obligated to mediate with the Parties unless they agree to do so in writing.

Arbitration is a form of dispute resolution which involves hiring a neutral third party (the "Arbitrator") to render a formal decision on the claims and allegations and what damages, if any, shall be paid. Arbitration may be faster and less expensive than resolving disputes by litigation in court. The rules are usually less formal than in court; it is a private process that is not of public record. Arbitration is best handled by attorneys who understand real estate principals and the arbitration process issues. By agreeing to Arbitration, the Parties give up their rights to a jury trial and appeal. Arbitration decisions have been upheld even when arbitrators have made a mistake as to the law or the facts of the case. If Parties agree to arbitration, any dispute arising out of purchase and sale must (with some limited exceptions) be submitted to binding arbitration. Buyers and Sellers must decide on their own, or with the advice of legal counsel, whether to agree to arbitration. The Purchase Contract does not obligate the Brokers to participate in arbitration even if Buyers and Sellers agree to use that forum; however, Broker may have the option to voluntarily agree to participate. Brokers cannot give legal advice regarding these matters.

75. LEGAL ACTION: Sellers should disclose to Buyers any known claim or legal action (litigation or arbitration) which affects the title or use of the Property, whether or not that claim or legal action is resolved. Buyers should consult with their attorney regarding the affect that any disclosed claim or legal action may have on the value, development, use and enjoyment of the Property.

76. COMMUNICATION SERVICES & DEVICES: The availability of communication services differs throughout the state and the quality of those services is a subjective issue, due to people's individual preferences and uses. The quality and range of cell phone reception that a Buyer's current carrier provides may not be as good (or even available) at the Property; Buyers need to evaluate that issue for themselves. Buyers should also investigate the availability of any desired type of television service (e.g., cable, satellite) and the quality of reception. The availability, quality and cost of internet access and service should also be investigated to make sure that Buyers' intended uses are feasible. Asking if a Seller has had any problems with the current internet service (including, but not limited to, any issues with the speed of downloading and uploading data), is not necessarily the best means of predicting whether the Buyer will be satisfied with the internet service; Buyers should contact the internet service provider to determine if the current service will be adequate for Buyer's intended usage and/or the cost of installing a service that will better meet the Buyers' needs. Brokers cannot and will not verify the availability, quality or cost of any communication services or devices.

REGIONAL ISSUES:

77. LITIGATION BY OR AGAINST A CITY, COUNTY OR GOVERNMENTAL AGENCY: Buyers should investigate whether there is any pending litigation or administrative claim that may affect the value, development, use or enjoyment of the Property or impact the ability of the local community to provide necessary services. Buyers should check appropriate governmental websites.

78. COASTAL CONDITIONS, SEA LEVEL RISE: Property located near coastlines may be subject to frequent strong winds, wind-driven rain, fog, salty sea air and/or mist, as well as direct sunlight, any of which, alone or in combination, can impact the condition of the land as well as prematurely age structures and personal property items exposed to the elements. Coastal properties may be negatively impacted by ocean tides/currents, increased risk of flooding, sinking land, and tsunamis. Erosion, warping and cracking of surfaces, failed seals on dual-paned windows, loss of siding or roof shingles, water intrusion and other problems are common; thus, coastal properties require regular, thorough maintenance efforts. Development, current and future use, maintenance, repair and remodeling of coastal properties may be regulated by the California Coastal Commission and other governmental agencies (see Paragraph 40). Buyers should investigate these conditions and restrictions as well as the cost of increased maintenance and repairs that may be needed.

Sea level rise has the potential to negatively impact coastal properties in many ways, including, but not limited to, the following: coastal flooding; shoreline, beach and bluff erosion (that may necessitate sand replacement and/or result in loss of land, landscaping and structures); short term and long term viability of seawalls and bulkheads (regardless of the legal status of such structures); limitations on new coastal construction, development, improvement and/or repairs to existing properties and structures; enactment of geological hazard abatement districts and assessments; and changes to the "mean high tide line" which is used to determine property boundary lines. For more information about sea level rise, Buyers may go online to the National Oceanic and Atmospheric Administration Office for Coastal Management at https://search.usa.gov/search?affiliate=csc_search_all&query=sea=level=rise Brokers do not have expertise on the issues addressed in Paragraph 77.

The foghorn located at the El Granada breakwater is audible at times and at various sound levels in adjacent coastal communities, depending upon weather conditions and proximity. California Emergency Management Agency ("Cal EMA") and the California Geological Survey ("CGS") have released California Tsunami Inundation Maps covering approximately 50% of the state's coastline and 100% of the San Francisco Bay Area. Buyers should investigate local emergency preparedness and potential tsunami hazards by going to the following websites: www.myhazards.calema.ca.gov and www.consrv.ca.gov/cgs.

79. SAN FRANCISCO BAY REGULATIONS: The San Francisco Bay Conservation and Development Commission (“BCDC”) is charged with the responsibility of restoring Bay wetlands and marshes, preventing wetlands and mudflats from being filled, and supporting the continued and productive use of salt ponds. Properties abutting San Francisco Bay, its tidelands and marshes may be subject to the jurisdiction of the BCDC, which may limit size and location of structures and impose other requirements and restrictions on property owners. Buyers of such property should contact BCDC at (415) 352-3600 for additional information.

80. BAY FILL: Some properties that are built on bay-fill have experienced salt leaching from the soil into and through concrete causing corrosion to the iron rebar in the foundations. Buyers of property built on bay fill should investigate this issue with qualified professionals.

81. AGRICULTURAL AREAS: Agricultural enterprises occasionally produce dust, noise and odors and utilize airborne fertilizers and pest control products which, depending on weather and other conditions, proximity and manner of application, may affect the environment and surrounding residential areas.

82. GOLF COURSES: There are several golf courses in San Mateo and Santa Clara Counties. Property located near a golf course may be affected by errant golf balls, noise, lighting or other problems that Buyers should investigate.

83. “LOCAL OPTION” DISCLOSURES: Cities and counties can enact “Local Option” disclosures, which require Sellers to disclose issues of local concern on a specifically required Disclosure Form. The Cities of Pacifica, Millbrae, South San Francisco and San Bruno have enacted ordinances requiring separate disclosures about noise generated by airports and aircraft. Sellers in the unincorporated areas of Santa Clara County are required to disclose specific information about that County’s “right-to-farm” ordinance, the private well inspection disclosure ordinance, whether or not the Property is subject to a contract pursuant to the California Land Conservation Act of 1965 (“Williamson Act”), and whether the Property is subject to an open space easement agreement. Although Brokers may provide the Local Option Disclosure form to Sellers and Buyers, only the Seller is to complete the questions contained in that form.

84. AFFORDABLE HOUSING (MANDATED): Many cities are studying how to add residential units and “affordable housing” within their jurisdictions so as to comply with state and local legal requirements; some cities are in litigation relating to mandatory affordable housing issues, and others have already implemented affordable housing plans. As a result of recent revisions to state laws, there is a possibility that multi-family units and/or Accessory Dwelling Units (“ADUs”) may be added to existing properties within single-family housing developments which may change the character and appearance of some traditional neighborhoods. For more information about what any particular city is doing in regard to this topic, go to that city’s website (the sites for cities in San Mateo and Santa Clara County are listed on the last page of this Advisory). Brokers do not have expertise on the issues addressed in Paragraph 83.

85. SIGNAGE & ADDRESS IDENTIFICATION ORDINANCES: Many cities regulate the type and size of “For Sale” and other signs that may be located on private property and public property. The visibility, size and type of residential house numbers are also subject to various local regulations. In some cities, residential addresses must be illuminated.

LOCAL SAN MATEO COUNTY ISSUES

86. SAN MATEO COUNTY ONSITE WASTEWATER ORDINANCE: All new residential or commercial facilities that are unable to connect to a sewer line must install an Onsite Wastewater Treatment System (“OWTS”), depending on the size of the property and where it is located (e.g., Half Moon Bay, Portola Valley, Woodside and unincorporated areas of San Mateo County). For a new Septic System, a site exam and soil percolation test must be completed prior to submission of a septic installation permit application. A remodel of properties serviced by existing OWTS may require an upgrade of the OWTS and additional plans or testing may be necessary. Existing septic tanks must be serviced by a certified septic pumping company that must provide the County with a copy of the written report regarding the condition of the septic tank within 30 days of pumping. If there are deficiencies noted in the OWTS, the County Environmental Health Department will notify the owner in writing of the needed corrections and the homeowner will then have 60 days to make the repairs. Securing a septic inspection report is not a condition of sale unless Buyer and Seller agree in writing to conduct that inspection or it is required by a local ordinance. Any resulting report must be provided to the County. Brokers cannot determine the impact or applicability of this ordinance; Buyers and Sellers should investigate this issue by going to the following website: www.smchealth.org/landuse.

87. DALY CITY 3R REPORT: Daly City requires sellers of residential property of 1 to 3 units to obtain a report of the residential building record (“3-R Report”), which must be provided to Buyers. The 3-R Report is prepared by the Daly City Building Division from its historical records only and is not based upon an actual inspection of the Property. The information in the 3-R Report may not be accurate or complete for various reasons. Although most of the City’s records are computerized, many records were originally handwritten and incomplete. It is possible that errors could have occurred when the information was transferred from the original documents, and these errors might be repeated in subsequent 3-R Reports. However, the 3-R Report does contain useful information.

Buyers of residential property of 1 to 3 units in Daly City should not rely solely on the permit information contained in 3-R Reports. Some properties may have rooms, additions, structures or decks where there is no record of a permit ever having been issued for their construction. Such improvements may or may not have been built with a permit or officially finalized. If an improvement was constructed without all necessary permits or not in compliance with building codes, the City may require the owner to remove it or legalize it at substantial cost. Buyers should independently confirm the information contained in a 3-R Report during their inspection period, if any, and should engage the services of a qualified contractor, architect or other professionals to verify its information. For additional information or to request a 3-R Report, contact the Daly City Building Division, 333 90th Street, Daly City, California 94015-1895; Telephone (650) 991-8061.

88. FOSTER CITY LEVEE PROTECTION: For several years, the City of Foster City Public Works Department has been studying a plan to improve its Levee System which provides flood protection and creates recreational purposes. The planned improvements may increase local assessments. For more information go to www.fostercity.org/publicworks.

89. HALF MOON BAY: The City of Half Moon Bay settled a law suit resulting in the issuance of city bonds; the City will be using insurance proceeds to pay down its debt. Buyer should investigate whether this latest fiscal decision impacts the ability of Half Moon Bay to provide necessary services. For additional information go to www.hmbcity.com.

90. HILLSBOROUGH ORDINANCES: The Town of Hillsborough Municipal Code requires Sellers of real property to provide Buyers with a Statement of Compliance regarding proper installation of spark arresters, smoke alarms and address number visibility by means of illuminated numbers. Buyers of property located in Hillsborough should not close escrow without receiving the Seller's Statement of Compliance form. The Town of Hillsborough also requires sewer lateral and water services testing procedures when real property is sold.

The Town of Hillsborough Municipal Code 5.12.050 requires the issuance of a permit for possession and use of home alarm systems. These permits cannot be assigned to the Buyer as part of the sale of residential property. Buyers who are acquiring property in Hillsborough which is already equipped with a home alarm system or who intend to install a home alarm system must secure a new permit. Permit applications can be obtained at the Hillsborough Town Hall at 1600 Floribunda Avenue. For more information about the home alarm permit requirements, sewer lateral and water testing and other requirements for property located in Hillsborough go to the following website: www.hillsborough.net.

91. MILLBRAE FIRE SPRINKLER AND ILLUMINATED ADDRESS NUMBER ORDINANCES: The Millbrae Municipal Code requires that, in addition to complying with the State of California Smoke Detector law, fire sprinklers must be installed in the garage of any building or structure, including one or two family properties. This requirement is triggered when any addition, alteration or repair of the structure or building (with the exception of repairs to the exterior only) requiring a building permit is undertaken and the cost estimate exceeds \$1,000. The Millbrae Municipal Code also requires that all building addresses must be visible and legible from the street or road in front of the property and the addresses must be either internally or externally illuminated.

92. PORTOLA VALLEY RESIDENTIAL DATA REPORT AND HISTORIC PRESERVATION: The Town of Portola Valley requires sellers to provide buyers with a Residential Data Report from the Town listing the regularly authorized use, occupancy and zoning classification of the property. The information in the Residential Data Report is from historical records only and is not based upon an actual inspection of the property. The Residential Data Report may not be accurate or complete for various reasons. It is possible that errors could have occurred when the information was transferred from the original documents and these errors might be repeated in subsequent reports. However, these reports contain useful information regarding the permits that are of record with the Town. Buyers should independently confirm the information in the Residential Data Report during their inspection period, if any, including engaging the services of a qualified contractor, architect or other construction professional to verify the information in the Residential Data Report. For additional information or to request a Residential Data Report, go to the Town of Portola Valley's offices located at 765 Portola Road, Portola Valley, California 94028. For additional information, call (650) 851-1701. See also Paragraphs 29 and 30 of this Advisory.

93. REDWOOD SHORES: Redwood Shores is a master-planned community. Property located in Redwood Shores may be subject to multiple homeowners' associations. For more information about Redwood Shores, contact the managing agent for the Redwood Shores Owners' Association at the Manor Association (650) 637-1616 or go to the following website: www.RSOA.info. The Redwood Shores Community Association is a social and community advocacy organization which can be contacted at the following website: www.RSCA.org.

94. SAN MATEO CITY SUPPLEMENTAL FLOOD ZONE DISCLOSURE: The Federal Emergency Management Agency ("FEMA") has been investigating the possibility of expanding the flood hazard area designations for the City of San Mateo. . On July 13, 2009, the City Council for the City of San Mateo approved the formation of the South Bayfront Flood Control Facilities Assessment District to create a funding source for improvement of the City's levees. Buyer is advised to investigate this issue with the City of San Mateo, a third-party provider of Natural Hazard Disclosure Statements and their own insurance broker to determine the possible ramifications of expanding the flood designation on the value, use and enjoyment of the Property. For questions or concerns related to the South Bayfront Flood Control Facilities Assessment District, flood insurance, any FEMA related topics, and any other regulations which might impact property located in the City of San Mateo, contact the City Offices at (650) 522-7327 or go to the following website: www.cityofsanmateo.org.

LOCAL SANTA CLARA COUNTY ISSUES

95. ALDERCROFT HEIGHTS COUNTY WATER DISTRICT ("AHCWD"): AHCWD is a California Special District that provides water services in the Aldercroft Heights neighborhood of the Santa Cruz Mountains. Sellers are responsible for contacting the AHCWD's Business Office so that a final meter reading can be taken and a transfer fee is collected in escrow. To initiate water service, the Buyer must also contact the AHCWD's Business Office and all past due water service charges must be made current as a condition of receiving water service. Brokers have not determined and will not determine applicable charges. Buyers and Sellers should investigate this issue by calling (408) 353-4255 or going to the following website: www.aldercroftheightscwd.org.

96. LOS ALTOS HILLS: The Town of Los Altos Hills has established standards for roads and has compiled a list of private streets. Private streets can be converted to public streets under specified conditions. Buyers should investigate to determine if any given street is public or private or whether any given private street can be dedicated to the Town; the Town is also implementing a separate pathway plan. For information about this or any other issues affecting property in the Town of Los Altos Hills, go to the following website: www.losaltoshills.ca.gov.

97. MORGAN HILL: Valley Water District intends to drain Lake Anderson as part of its plan to rebuild Anderson Dam in 2016; the project will take approximately 3 years to complete. It is unknown what impact, if any, the retrofit project will have on the development, condition, use, and enjoyment of surrounding homes. Buyers are encouraged to investigate this project by contacting the Water District at www.valleywater.org.

98. SARATOGA: The City of Saratoga has enacted an ordinance which may require an occupancy inspection upon transfer of title on properties other than single family residences. For information about this or any other issues affecting property in Saratoga, go to the following website: www.saratoga.ca.us/

99. SUNNYVALE: The City of Sunnyvale has enacted an ordinance which requires storm water run-off management by owners of certain types of buildings. This ordinance may impact some common interest developments which may trigger a point-of-sale disclosure by the Homeowners' Association. Sellers and Buyers should investigate whether or not the ordinance is applicable and its impact, if any, on the Property. For further information go to: Sunnyvale.ca.gov.

COUNTY AND MUNICIPAL WEBSITES

County and municipal websites can be a useful source of information about their communities including, but not limited to, representatives, services, ordinances, demographics and local news. These websites may also have links to other resources such as other governmental agencies, non-profit community based organizations, and for-profit entities. While these links are provided for your convenience in accessing the information you seek, this Advisory does not warrant or guarantee the accuracy of the information provided by these sites and resources.

COUNTY OF SAN MATEO: <http://www.co.sanmateo.ca.us/>

CITIES AND TOWNS WITHIN SAN MATEO COUNTY:

- Town of Atherton: <http://www.ci.atherton.ca.us/>
- City of Belmont: <http://www.belmont.gov/>
- City of Brisbane: <http://www.ci.brisbane.ca.us/>
- Township of Broadmoor: website unknown
- City of Burlingame: <http://www.burlingame.org/>
- Town of Colma: <http://www.colma.ca.gov/>
- City of Daly City: <http://www.dalycity.org/>
- City of East Palo Alto: <http://www.ci.east-palo-alto.ca.us>
- City of Foster City: <http://www.fostercity.org/>
- City of Half Moon Bay: <http://ci.half-moon-bay.ca.us/>
- Town of Hillsborough: <http://www.hillsborough.net/>
- City of Menlo Park: <http://www.ci.menlo-park.ca.us/>
- City of Millbrae: <http://www.ci.millbrae.ca.us/>
- City of Pacifica: <http://www.cityofpaciica.org/>
- Town of Portola Valley: <http://www.portolavalley.net/>
- City of Redwood City: <http://www.ci.redwood-city.ca.us/>
- City of San Bruno: <http://sanbruno.ca.gov/>
- City of San Carlos: <http://www.cityofsancarlos.org/>
- City of San Mateo: <http://www.ci.sanmateo.ca.us/>
- City of S. San Francisco: <http://www.ci.ssf.ca.us/>
- Town of Woodside: <http://www.woodsidesetown.org/>

COUNTY OF SANTA CLARA: <http://www.sccgov.org>

CITIES AND TOWNS WITHIN SANTA CLARA COUNTY:

- City of Campbell: <http://www.ci.campbell.ca.us/>
- City of Cupertino: <http://www.cupertino.org/>
- City of Gilroy: <http://www.cityofgilroy.org/cityofgilroy/>
- City of Los Altos: <http://www.ci.los-altos.ca.us/>
- Town of Los Altos Hills: <http://www.losaltoshills.ca.gov/>
- Town of Los Gatos: <http://www.town.los-gatos.ca.us/>
- City of Milpitas: <http://www.ci.milpitas.ca.gov/>
- City of Monte Sereno: <http://www.montesereno.org/>
- City of Morgan Hill: <http://www.morgan-hill.ca.gov/>
- City of Mountain View: <http://www.ci.mtnview.ca.us/>
- City of Palo Alto: <http://www.cityofpaloalto.org/>
- City of San Jose: <http://www.sanjoseca.gov/>
- City of Santa Clara: <http://santaclaraca.gov/>
- City of Saratoga: <http://www.saratoga.ca.us/>
- City of Sunnyvale: <http://www.sunnyvale.ca.gov/>

ELECTRONIC SIGNATURES

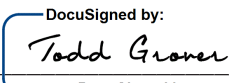
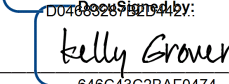
You may be able to sign transaction documents electronically making it possible to skip from one signature line to the next and thus easier to ignore the terms and conditions to which a signature or initial applies. If you choose to sign documents electronically be certain to take your time to read each document thoroughly and only sign or initial those documents that you with full knowledge and consent intend to sign.

SELLERS AND BUYERS ACKNOWLEDGE THE FOLLOWING REGARDING BROKERS:

1. Brokers do not warrant or guarantee the past, present or future condition of the Property and shall not be responsible for any unknown, undisclosed facts regarding the condition of the Property;
2. Brokers have no duty to inspect and will not inspect (a) any areas of the Property that are not reasonably and normally accessible to Broker; (b) any areas that are located offsite of the Property, (c) common areas, (d) public records or permits of any kind regarding the state of title or the use of the Property, or (e) any matter affecting or relating to the Property that is described in this Advisory;
3. Brokers have not verified and will not verify square footage or size of structures or land, boundary lines of the Property, statements made by others (including but not limited to Sellers), information contained in inspection reports, the MLS, or in advertisements, flyers or other promotional material, or any other matters described in this Advisory, unless otherwise agreed in writing;
4. Brokers do not guarantee and shall not be responsible for the labor or services or products provided by others to or on behalf of Buyers and/or Sellers and do not guarantee and shall not be responsible for the quality, adequacy, completeness or code compliance of repairs made by Sellers or by others. Sellers and Buyers may select any professionals that they choose to retain; and
5. Brokers are not qualified to give any type of legal, tax, insurance or title advice; therefore, Sellers and Buyers should consult the appropriate professionals for such advice.

This document may be signed in counterparts.

BY SIGNING BELOW, BUYERS AND SELLERS ACKNOWLEDGE THAT THEY HAVE READ, UNDERSTAND, AND HAVE RECEIVED A COPY OF THIS 18 PAGE ADVISORY.

DATE: <u>9/8/2022</u>	SELLER		<u>Todd Grover</u>
DATE: <u>9/7/2022</u>	SELLER		<u>Kelly Grover</u>
DATE: _____	BUYER	_____	_____
DATE: _____	BUYER	_____	_____



STATEWIDE BUYER AND SELLER ADVISORY
(This Form Does Not Replace Local Condition Disclosures.
Additional Advisories or Disclosures May Be Attached)
 (C.A.R. Form SBSA, Revised 6/22)

BUYER RIGHTS AND DUTIES:

- The physical condition of the land and improvements being purchased are not guaranteed by Seller or Brokers.
- You should conduct thorough investigations of the Property both personally and with appropriate professionals.
- If professionals recommend further inspections, you should contact qualified experts to conduct such inspections.
- You should retain your own professional even if Seller or Broker has provided you with existing reports.
- You should read all written reports given to you and discuss those reports with the persons who prepared them. It is possible that different reports provided to you contain conflicting information. If there are discrepancies between reports, disclosures or other information, you are responsible for contacting appropriate professionals to confirm the accuracy of correctness of the reports, disclosures or information.
- You have the right to request that the Seller make repairs or corrections or take other actions based on inspections or disclosures, but the Seller is not obligated to respond to you or make any such repairs, corrections or other requested actions.
- If the Seller is unwilling or unable to satisfy your requests, and you act within certain time periods, you may have the right to cancel the Agreement (the Purchase Agreement and any Counter Offer and Addenda together are the "Agreement"). If you cancel outside of these periods, you may be in breach of the Agreement and your deposit might be at risk.
- You are advised to seek legal, tax, and other assistance from appropriate professionals in order to fully understand the implications of any documents or actions during the transaction. If you are doing a 1031 exchange, you are advised to contact an exchange accommodator to discuss the proper method and timing of the exchange.
- The terms of the Agreement and any counter offers and addenda establish your rights and responsibilities.

YOU ARE STRONGLY ADVISED TO INVESTIGATE THE CONDITION AND SUITABILITY OF ALL ASPECTS OF THE PROPERTY. IF YOU DO NOT DO SO, YOU ARE ACTING AGAINST THE ADVICE OF BROKERS.

SELLER RIGHTS AND DUTIES:

- You have a duty to disclose material facts known to you that affect the value or desirability of the Property.
- You are obligated to make the Property available to the Buyer and have utilities on for inspections as allowed by the Agreement.
- This form is not a substitute for completing a Real Estate Transfer Disclosure Statement, if required, and any other property-specific questionnaires or disclosures.
- The terms of the Agreement establish your rights and responsibilities.
- You are advised to seek legal, tax, and other assistance from appropriate professionals in order to fully understand the implications of any documents or actions during the transaction. If you are doing a 1031 exchange, you are advised to contact an exchange accommodator to discuss the proper method and timing of the exchange.

BROKER RIGHTS AND DUTIES:

- Brokers do not have expertise in all areas and matters affecting the Property or your evaluation of it.
- For most sales of residential properties with no more than four units, Brokers have a duty to make a reasonably competent and diligent visual inspection of the accessible areas of the Property and disclose to you material facts or defects that the inspection reveals.
- Many defects and conditions may not be discoverable by a Broker's visual inspection.
- If Brokers give a referral to another professional, Brokers do not guarantee that person's performance. You may select any professional of your own choosing.
- If a Broker gives you reports or other documents, unless otherwise specified, it is possible that different reports provided to you contain conflicting information. Broker has not and will not verify or otherwise investigate the information contained therein.
- Any written agreement between a Broker and either Buyer or Seller or both establishes the rights and responsibilities of those parties.



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A. Investigation of Physical Conditions

- EASEMENTS, ACCESS AND ENCROACHMENTS:** Buyer and Seller are advised that confirming the exact location of easements, shared or private driveways or roadways, and encroachments on or to the Property may be possible only by conducting a survey. There may be unrecorded easements, access rights, encroachments and other agreements affecting the Property that may not be disclosed by a survey. Representations regarding these items that are made in a Multiple Listing Service or advertisements, or plotted by a title company are often approximations, or based upon inaccurate or incomplete records. Unless otherwise specified by Broker in writing, Brokers have not verified any such matters or any representations made by Seller(s) or others. If Buyer wants further information, Buyer is advised and Broker(s) recommend that Buyer hire a licensed surveyor during Buyer's inspection contingency period. Brokers do not have expertise in this area.
- ENVIRONMENTAL HAZARDS:** Buyer and Seller are advised that the presence of certain kinds of organisms, toxins and contaminants, including, but not limited to, mold (airborne, toxic or otherwise), fungi, mildew, lead-based paint and other lead contamination, asbestos, formaldehyde, radon, pcb's, methane, other gases, fuel oil or chemical storage



tanks, contaminated soil or water, hazardous waste, waste disposal sites, electromagnetic fields, nuclear sources, urea formaldehyde, or other materials may adversely affect the Property and the health of individuals who live on or work at the property as well as pets. Some municipalities may impose additional requirements regarding underground storage tanks, which may be more common in certain areas and cities throughout the State, especially where there are larger, older homes built before 1935. It is possible that these tanks, either now or in the future, may require inspections or abatement. If Buyer wants further information, Buyer is advised, and Broker(s) recommends, that Buyer have the Property inspected for the existence of such conditions and organisms, and conditions that may lead to their formation. Not all inspectors are licensed and licenses are not available for all types of inspection activities. Buyer is also advised to consult with appropriate experts regarding this topic during Buyer's inspection contingency period. Broker recommends that Buyer and Seller read the booklets titled, "Residential Environmental Hazards: A Guide for Homeowners, Homebuyers, Landlords and Tenants," and "Protect Your Family From Lead In Your Home." Brokers do not have expertise in this area.

3. **FORMALDEHYDE:** Formaldehyde is a substance known to the State of California to cause cancer. Exposure to formaldehyde may be caused by materials used in the construction of homes. The United States Environmental Protection Agency, the California Air Resources Board, and other agencies have measured the presence of formaldehyde in the indoor air of select homes in California. Levels of formaldehyde that present a significant cancer risk have been measured in most homes that were tested. Formaldehyde is present in the air because it is emitted by a variety of building materials and home products used in construction. The materials include carpeting, pressed wood products, insulation, plastics, and glues. Most homes that have been tested elsewhere do contain formaldehyde, although the concentrations vary from home to home with no obvious explanation for the differences. One of the problems is that many suppliers of building materials and home products do not provide information on chemical ingredients to builders. Buyers may have further questions about these issues. Buyer is advised to consult with appropriate experts regarding this topic during Buyer's inspection contingency period. Broker(s) recommend that Buyer and Seller read the booklet titled "Residential Environmental Hazards: A Guide for Homeowners, Homebuyers, Landlords and Tenants." Brokers do not have expertise in this area.
4. **GEOLOGIC HAZARDS:** Buyer and Seller are advised that California has experienced earthquakes in the past, and there is always a potential of future earthquakes. Damage caused by an earthquake may not be discoverable by a visual inspection of Buyer(s) or Broker(s). Inspection by a licensed, qualified professional is strongly recommended to determine the structural integrity and safety of all structures and improvements on the Property. If the Property is a condominium, or located in a planned unit development or in a common interest subdivision, Buyer is advised to contact the homeowners association about earthquake repairs and retrofit work and the possibility of an increased or special assessment to defray the costs of earthquake repairs or retrofit work. Buyer is encouraged to obtain and read the booklet entitled, "The Homeowner's Guide to Earthquake Safety." In most cases a questionnaire within the booklet must be completed by Seller and the entire booklet given to the Buyer if the Property was built prior to 1960. If the Property was built before 1975, and contains structures constructed of masonry or precast (tilt up) concrete walls, with wood frame floors or roof, or if the building has unreinforced masonry walls, then Seller must provide Buyer a pamphlet entitled "The Commercial Property Owner's Guide to Earthquake Safety." Many areas have a wide range of geologic problems and numerous studies have been made of these conditions. Some of this information is available for public review at city and county planning departments. Buyer is encouraged to review the public maps and reports and/or obtain a geologist's inspection report. Buyer may be able to obtain earthquake insurance to protect their interest in the Property. Sellers who agree to provide financing should also consider requiring Buyers to obtain such insurance naming Seller(s) as insured lien holder(s). Brokers do not have expertise in this area.
5. **INSPECTIONS:** Buyer and Seller are advised that Buyer has the right to obtain various inspections of the Property under most residential purchase agreements. Buyer is advised to have the Property inspected by a professional property inspection service within Buyer's inspection contingency period. A licensed building contractor or other professional may perform these services. The inspector generally does not look behind walls or under carpets, or take equipment apart. Certain items on the Property, such as chimneys and spark arresters, plumbing, heating, air conditioning, electrical wiring, pool and spa, septic system, well, roof, foundation and structural items may need to be inspected by another professional, such as a chimney sweep, plumber, electrician, pool and spa service, septic or well company or roofer. A general physical inspection typically will not test for mold, wood destroying pests, lead-based paint, radon, asbestos and other environmental hazards, geologic conditions, age, remaining useful life or water-tightness of roof, cracks, leaks or operational problems associated with a pool or spa or connection of the Property to a sewer system. If Buyer wants further information on any aspect of the Property, Broker recommends that Buyer have a discussion with the professional property inspector and that Buyer hire an appropriate professional for the area of concern to Buyer. Brokers do not verify the results of any such inspection or guarantee the performance of any such inspector or service. Any election by Buyer to waive the right to a physical inspection of the Property or to rely on somebody other than an appropriate professional is against the advice of Brokers. Not all inspectors are licensed and licenses are not available for all types of inspection activities. Brokers do not have expertise in these areas.
6. **MOLD:** Buyer and Seller are advised that the presence of certain kinds of mold, fungi, mildew and other organisms, sometimes referred to as "toxic mold" (collectively "Mold"), may adversely affect the Property and the health of individuals who live on or work at the Property as well as pets. Mold does not affect all people the same way, and may not affect some people at all. Mold may be caused by water leaks or other sources of moisture such as, but not limited to, flooding, and leaks in windows, pipes and roof. Seller is advised to disclose the existence of any such conditions of which he or she is aware. Buyer should carefully review all of Seller's disclosures for any indication that any of these conditions exist. It is, however, possible that Mold may be hidden and that Seller is completely unaware of its

existence. In addition, Mold is often undetectable from a visual inspection, a professional general property inspection and even a structural pest control inspection. Brokers do not have expertise in this area. If Buyer wants further information, Broker recommends that Buyer have the Property tested for Mold by an environmental hygienist or other appropriate professional during Buyer's inspection contingency period. Not all inspectors are licensed and licenses are not available for all types of inspection activities. Brokers do not have expertise in this area.

7. **PETS AND ANIMALS:** Buyer and Seller are advised that the current or previous owner(s) may have had domesticated or other pets and animals at the Property. Odors from animal urine or other contamination may be dormant for long periods of time and then become active because of heat, humidity or other factors and might not be eliminated by cleaning or replacing carpets or other cleaning methods. Pet urine and feces can also damage hardwood floors and other floor coverings. Additionally, an animal may have had fleas, ticks and other pests that remain on the Property after the animal has been removed. If Buyer wants further information, Broker(s) recommend that Buyer discuss the issue with an appropriate professional during Buyer's inspection contingency period. Brokers do not have expertise in this area.
8. **SEPTIC SYSTEMS:** Buyer and Seller are advised that a property may be served by one or more septic systems even though adjoining properties are connected to a sewer line. Buyer and Seller are also advised that some septic tanks and systems may have been abandoned or have leaked into ground water sources. Buyer is advised to contact the appropriate government agency to verify that the Property is connected to a sewer or served by a septic system. If the Property is served by a septic system, it may consist of a septic tank, cesspool, pits, leach lines or a combination of such mechanisms ("collectively, System"). No representation or warranty is made by Seller or Broker concerning the condition, operability, size, capacity or future expansion of a System, nor whether a System is adequate for use by the intended occupants of the Property. A change in the number of occupants or the quantity, composition or methods of depositing waste may affect the efficiency of the System. In addition, the amount of rainfall and ground water table may also affect the efficiency of the System. Many factors including, but not limited to, natural forces, age, deterioration of materials and the load imposed on a System can cause the System to fail at any time. Broker recommends that Buyer obtain an independent evaluation of any System by a qualified sanitation professional during Buyer's inspection contingency period. Buyer should consult with their sanitation professional to determine if their report includes the tank only, or other additional components of the System such as pits and leach fields. Not all inspectors are licensed and licenses are not available for all types of inspection activities. In some cases, Buyer's lender as well as local government agencies may require System inspection. System-related maintenance costs may include, but not be limited to, locating, pumping or providing outlets to ground level. Brokers are unable to advise Buyer or Seller regarding System-related issues or associated costs, which may be significant. If Buyer and Seller agree to obtain a System inspection, Buyer and Seller are cautioned that the inspection cost may include, but not be limited to, the costs of locating, pumping or providing outlets to ground level. Brokers do not have expertise in this area.
9. **SOIL AND GEOLOGIC CONDITIONS:** Buyer and Seller are advised that real estate in California is subject to settling, slippage, contraction, expansion erosion, subsidence, earthquakes and other land movement. The Property may be constructed on fill or improperly compacted soil and may have inadequate drainage capability. Any of these matters can cause structural problems to improvements on the Property. Civil or geo-technical engineers are best suited to evaluate soil stability, grading, drainage and other soil conditions. Additionally, the Property may contain known or unknown mines, mills, caves or wells. If Buyer wants further information, Broker recommends that Buyer hire an appropriate professional. Not all inspectors are licensed and licenses are not available for all types of inspections. Brokers do not have expertise in this area.
10. **SQUARE FOOTAGE, LOT SIZE, BOUNDARIES AND SURVEYS:** Buyer and Seller are advised that only an appraiser or land surveyor, as applicable, can reliably confirm square footage, lot size, Property corners and exact boundaries of the Property. Representations regarding these items that are made in a Multiple Listing Service, advertisements, and from property tax assessor records are often approximations, or based upon inaccurate or incomplete records. Fences, hedges, walls or other barriers may not represent actual boundary lines. Unless otherwise specified by Broker in writing, Brokers have not verified any such boundary lines or any representations made by Seller or others concerning square footage, lot size, Property corners or exact boundaries. Standard title insurance does not insure the boundaries of the Property. If the exact square footage or lot size or location of Property corners or boundaries is an important consideration in Buyer's decision to purchase the Property and/or how much Buyer is willing to pay for the Property, then Buyer must independently conduct Buyer's own investigation through appropriate professionals, appraisers, or licensed surveyors and rely solely on their data, recognizing that all measurements may not be consistent and that different sources may have different size assessments. Brokers do not have expertise in this area.
11. **WATER INTRUSION:** Buyer and Seller are advised that many homes suffer from water intrusion or leakage. The causes of water intrusion are varied, and can include defective construction, faulty grading, deterioration of building materials and absence of waterproof barriers. Water intrusion can cause serious damage to the Property. This damage can consist of wood rot, mold, mildew and even damage to the structural integrity of the Property. The cost of repairing and remediating water intrusion damage and its causes can be very significant. The existence and cause of water intrusion is often difficult to detect. Because you, your Broker or a general home inspector cannot visually observe any effects of water intrusion, Buyer and Seller should not assume that such intrusion does not exist. Broker recommends that Buyer have the Property inspected for water intrusion by an appropriate professional. Brokers do not have expertise in this area.
12. **WELL AND WATER SYSTEM(S):** Buyer and Seller are advised that the Property may be served by one or more water wells, springs, or private community or public water systems. Any of these private or public water systems may contain

bacteria, chemicals, minerals and metals, such as chromium. Well(s) may have been abandoned on the Property. Buyer is advised to have both the quality and the quantity of water evaluated, and to obtain an analysis of the quality of any domestic and agricultural water in use, or to be used at the Property, from whatever source. Water quality tests can include not only tests for bacteria, such as coliform, but also tests for organic and inorganic chemicals, metals, mineral content and gross alpha testing for radioactivity. Broker recommends that Buyer consult with a licensed, qualified well and pump company and local government agency to determine whether any well/spring or water system will adequately serve Buyer's intended use and that Buyer have a well consultant perform an extended well output test for this purpose. Water well or spring capacity, quantity output and quality may change at any time. There are no guarantees as to the future water quality, quantity or duration of any well or spring. If Buyer wants further information, Broker(s) recommend that Buyer obtain an inspection of the condition, age, adequacy and performance of all components of the well/spring and any water system during Buyer's inspection contingency period. Brokers do not have expertise in this area.

- 13. WOOD DESTROYING PESTS:** Buyer and Seller are advised that the presence of, or conditions likely to lead to the presence of infestation or infection of wood destroying pests and organisms may adversely affect the Property. Inspection reports covering these items can be separated into two sections: Section 1 identifies areas where infestation or infection is evident. Section 2 identifies areas where there are conditions likely to lead to infestation or infection. If Buyer wants further information, Buyer is advised and Broker recommends that Buyer have the Property inspected for the existence of such conditions and organisms, and conditions that may lead to their formation, by a registered structural pest control company during Buyer's inspection contingency period. Brokers do not have expertise in this area.
- 14. FIRE HARDENING, DEFENSIBLE SPACE, AND WILDFIRE DISASTERS:** California is subject to wildfires which have resulted in damage and destruction of many properties located in the state. Several recent state laws have mandated disclosures by sellers when selling properties in certain identified zones, such as "high" or "very high" fire severity zones. Additionally, state law mandates that sellers provide buyers with statements of compliance with local mandates if adopted by local agencies. The Property may be located in a high or very high fire severity zone. This may impact the availability of insurance and the ability to build or rebuild structures on the Property. Additionally, there may be requirements that certain fire prevention steps may be mandated. Information on fire hardening, including current building standards and information on minimum annual vegetation management standards to protect homes from wildfires, can be obtained on the internet website <http://www.readyforwildfire.org>. Cal Fire has made available a "Fire Hazard Severity Zone Viewer" where you can input the Property address to determine which fire hazard zone, if any, that the Property is located in. The viewer is available at <https://egis.fire.ca.gov/FHSZ/>. Below is a partial list of potential resources provided as a starting point for Buyer/Lessee investigations and not as an endorsement or guarantee that any federal, state, county, city or other resource will provide complete advice.
- A. California Department of Insurance ("Wildfire Resource") <http://insurance.ca.gov/01-consumers/140-catastrophes/WildfireResources.cfm>; 1-800-927-4357
 - B. Governor's Office of Emergency Services ("Cal OES") California Wildfires Statewide Recovery Resources <http://wildfirerecovery.org/>
 - C. California Department of Forestry and Fire ("Cal Fire") <http://fire.ca.gov/> and <https://www.readyforwildfire.org/>
 - D. California Department of Transportation <https://calsta.ca.gov/>
 - E. California Attorney General <https://oag.ca.gov/consumers/pricegougingduringdisasters#8C1>

Brokers do not have expertise in this area.

B. Property Use and Ownership

- 1. ACCESSORY DWELLING UNITS:** Accessory Dwelling Units (ADUs) are known by many names: granny flats, in-law units, backyard cottages, secondary units and more. California has passed laws to promote the development of ADUs. Additional information about ADUs can be found at <http://hcd.ca.gov/policy-research/AccessoryDwellingUnits.shtml>. Buyer is advised to check with appropriate government agencies or third party professionals to verify permits and legal requirements and the effect of such requirements on current and future use and rentability of the Property, its development and size. Brokers do not have expertise in this area.
- 2. BUILDING PERMITS, ZONING AND CODE COMPLIANCE:** Buyer and Seller are advised that any structure on the Property, including the original structure and any addition, modification, remodel or improvement may have been built without permits, not according to building codes, or in violation of zoning laws. Further, even if such structure was built according to the then-existing code or zoning requirement, it may not be in compliance with current building standards or local zoning. It is also possible that local law may not permit structures that now exist to be rebuilt in the event of damage or destruction. Certain governmental agencies may require periodic inspections to occur in the future. If Buyer wants further information, Broker(s) recommend that Buyer discuss the issue with an appropriate professional during Buyer's inspection contingency period. Brokers do not have expertise in this area.
- 3. BUYER INTENDED FUTURE USE OF, AND MODIFICATIONS TO, THE PROPERTY:** Buyer and Seller are advised that Seller's existing use of the property may not be consistent with Buyer's intended use or any future use that Buyer makes of the property, whether or not Buyer has any current plans to change the use. Buyer is advised to check with appropriate government agencies or third party professionals to verify what legal requirements are needed to accommodate any change in use. In addition, neither Seller nor Broker make any representations as to what modifications Buyer can make to the Property after close of escrow as well as any cost factors associated with any such modifications. Buyer is advised to check with his own licensed contractor and other such professionals as well as with the appropriate government agencies to determine what modifications Buyer will be allowed to make after close of escrow. Brokers do not have expertise in this area.



4. **CALIFORNIA FAIR PLAN:** Buyer and Seller are advised that insurance for certain hillside, oceanfront and brush properties may be available only from the California Fair Plan. This may increase the cost of insurance for such properties and coverage may be limited. Broker(s) recommend that Buyer consult with Buyer's own insurance agent during Buyer's inspection contingency period regarding the availability of coverage under the California Fair Plan and the length of time it may take for processing of a California Fair Plan application. Brokers do not have expertise in this area.
5. **FUTURE REPAIRS, REPLACEMENTS AND REMODELS:** Buyer and Seller are advised that replacement or repairs of certain systems or rebuilding or remodeling of all or a portion of the Property may trigger requirements that homeowners comply with laws and regulations that either come into effect after Close of Escrow or are not required to be complied with until the replacement, repair, rebuild or remodel has occurred. Permit or code requirements or building standards may change after Close of Escrow, resulting in increasing costs to repair existing features. If Buyer wants further information, Broker recommends that Buyer discuss the issue with an appropriate professional during Buyer's inspection contingency period. Brokers do not have expertise in this area.
6. **HEATING VENTILATING AND AIR CONDITIONING SYSTEMS:** Changes to state and federal energy efficiency regulations impact the installation, replacement and some repairs of heating and air conditioning units (HVAC): (i) Federal regulations now require manufacturers of HVAC units to produce only units meeting a new higher Seasonal Energy Efficiency Rating (SEER). This will likely impact repairs and replacements of existing HVAC units. State regulations now require that when installing or replacing HVAC units, with some exceptions, duct work must be tested for leaks. Duct work leaking more than 15 percent must be repaired to reduce leaks. The average existing duct work typically leaks 30 percent. More information is available at the California Energy Commission's website: <https://www.energy.ca.gov/programs-and-topics/programs/home-energy-rating-system-hers-program>. Home warranty policies may not cover such inspections or repairs, (ii) the phase out of the use of HCFC-22 (R-22 Freon) will have an impact on repairs and replacement of existing air conditioning units and heat pumps. The production and import of HCFC-22 ended January 1, 2020. Existing systems may continue to be used and HCFC-22 recovered and reclaimed or that was produced prior to 2020 can help meet the needs of existing systems, however, costs may rise. More information is available from the Environmental Protection Agency at https://www.epa.gov/sites/production/files/2018-08/documents/residential_air_conditioning_and_the_phaseout_of_hcfc-22_what_you_need_to_know.pdf and <http://www.epa.gov/ozone/title6/phaseout/22phaseout.html>, and (iii) New efficiency standards are also in place for water heaters. As a consequence, replacement water heaters will generally be larger than existing units and may not fit in the existing space. Additional venting and other modifications may be required as well. More information is available from the U.S. Department of Energy at http://www.eere.energy.gov/buildings/appliance_standards/product.aspx/productid/27. If Buyer wants further information, Broker recommends that Buyer discuss the issue with an appropriate professional during Buyer's inspection contingency period. Brokers do not have expertise in this area.
7. **HISTORICAL DESIGNATION, COASTAL COMMISSION, ARCHITECTURAL, LANDSCAPE, AGRICULTURAL OR OPEN SPACE AND OTHER RESTRICTIONS ON BUILDINGS OR IMPROVEMENTS:** Buyer and Seller are advised that the Property may be: (i) designated as a historical landmark, (ii) protected by a historical conservancy, (iii) subject to an architectural or landscaping review process, (iv) within the jurisdiction of the California Coastal Commission or other government agency, or (v) subject to a contract preserving use of all or part of the Property for agriculture or open space. If the Property is so designated or within the jurisdiction of any such, or similar, government agency, then there may be restrictions or requirements regarding Buyer's ability to develop, remove or trim trees or other landscaping, remodel, make improvements to and build on or rebuild the Property. Broker(s) recommend that Buyer satisfy him/herself during Buyer's inspection contingency period if any of these issues are of concern to Buyer. Brokers do not have expertise in this area.
8. **INSURANCE, TITLE INSURANCE AND TITLE INSURANCE AFTER FORECLOSURE:** Buyer and Seller are advised that Buyer may have difficulty obtaining insurance regarding the Property if there has been a prior insurance claim affecting the Property or made by Buyer but unrelated to the Property. Seller is required by C.A.R. Form RPA to disclose known insurance claims made during the past five years (C.A.R. Form SPQ or ESD). Sellers may not be aware of claims prior to their ownership. If Buyer wants further information, Broker(s) recommend that, during Buyer's inspection contingency period, Buyer conduct his or her own investigation for past claims. Buyer may need to obtain Seller's consent in order to have access to certain investigation reports. If the Property is a condominium, or is located in a planned unit development or other common interest subdivision, Buyer and Seller are advised to determine if the individual unit is covered by the Homeowner's Association Insurance and the type of insurance coverage that Buyer may purchase. Broker(s) recommend that Buyer consult Buyer's insurance agents during Buyer's inspection contingency period to determine the need, availability and possibility of securing any and all forms of other insurance or coverage or any conditions imposed by insurer as a requirement of issuing insurance. If Buyer does any repairs to the property during the escrow period or Buyer takes possession prior to Close of Escrow or Seller remains in possession after Close of Escrow, whether for a limited or extended period of time, Broker(s) recommend that Buyer and Seller each consult with their own insurance agent regarding insurance or coverage that could protect them in the transaction (including but not limited to: personal property, flood, earthquake, umbrella and renter's). Buyer and Seller are advised that traditional title insurance generally protects Buyer's title acquired through the sale of the property. While all title insurance policies, as do all insurance policies, contain some exclusions, some title insurance policies contain exclusions for any liability arising from a previous foreclosure. This can occur when a short sale has occurred but the lender mistakenly has also proceeded with a foreclosure. Buyer is strongly advised to consult with a title insurer to satisfy themselves that the policy to be provided adequately protects their title to the property against other possible claimants. Brokers do not have expertise in this area.
9. **LAND LEASE:** Buyer and Seller are advised that certain developments are built on leased land. This means that: (i) Buyer does not own the land, (ii) the right to occupy the land will terminate at some point in time, (iii) the cost to lease

the land may increase at some point in the future, and **(iv)** Buyer may not be able to obtain title insurance or may have to obtain a different type of title insurance. If Buyer wants further information, Broker recommends that Buyer discuss the issue with an attorney or other appropriate professional. Brokers do not have expertise in this area.

10. MARIJUANA, CANNABIS, AND METHAMPHETAMINE LABS: Buyer and Seller are advised that California law permits individual patients to cultivate, possess and use marijuana for medical purposes. Furthermore, California law permits primary caregivers, lawfully organized cooperatives, and collectives to cultivate, distribute and possess marijuana for medicinal purposes. California law also allows recreational use of marijuana for adults, as well as limited rights for individuals to grow and cultivate marijuana, and rights of others, subject to a licensing process, to grow, cultivate and distribute marijuana for recreational use. California's medical and recreational marijuana laws are in direct conflict with federal law which recognizes no lawful use for marijuana and has no exemptions for medical use. Federal criminal penalties, some of which mandate prison time, remain in effect for the possession, cultivation and distribution of marijuana. Buyer and Seller are strongly advised to seek legal counsel as to the legal risks and issues surrounding owning or purchasing a property where medical or any other marijuana activity is taking place. Marijuana storage, cultivation and processing carry the risk of causing mold, fungus or moisture damage to a property, additionally, some properties where marijuana has been cultivated have had alterations to the structure or the electrical system which may not have been done to code or with permits and may affect the safety of the structure or the safe operation of the electrical system. Buyer is strongly advised to retain an environmental hygienist contractor and other appropriate professionals to inspect a property where medical or any other marijuana activity has taken place. Broker recommends that Buyer and Seller involved with a property where there is medical marijuana activity or where it may take place review the California Attorney General's Guidelines for the "Security and Non-Diversion of Marijuana Grown for Medical Use" <https://oag.ca.gov/system/files/attachments/press-docs/MEDICINAL%20CANNABIS%20Guidelines.pdf> and the U.S. Department of Justice memo regarding marijuana prosecutions at <https://www.justice.gov/opa/press-release/file/1022196/download>. Brokers do not have expertise in this area. While no state law permits the private production of methamphetamine, some properties have been the site of an illegal methamphetamine laboratory. State law imposes an obligation to notify occupants, a ban on occupying the property and clean up requirements when authorities identify a property as being contaminated by methamphetamine. Buyer is advised that a property where methamphetamine has been produced may pose a very serious health risk to occupants. Buyer is strongly advised to retain an environmental hygienist contractor or other appropriate professionals to inspect the property if methamphetamine production is suspected to have taken place. Brokers do not have expertise in this area.

11. OWNER'S TITLE INSURANCE: The Truth in Lending/RESPA integrated disclosure (TRID) established by the Consumer Financial Protection Bureau (CFPB) requires that lenders must tell borrowers that title insurance is "optional." While obtaining an owner's policy of title insurance may be "optional", it may be a contractual requirement as between Buyer and Seller. Furthermore, California Civil Code § 1057.6 requires that Buyers be provided with the following notice: "IMPORTANT: IN A PURCHASE OR EXCHANGE OF REAL PROPERTY, IT MAY BE ADVISABLE TO OBTAIN TITLE INSURANCE IN CONNECTION WITH THE CLOSE OF ESCROW SINCE THERE MAY BE PRIOR RECORDED LIENS AND ENCUMBRANCES WHICH AFFECT YOUR INTEREST IN THE PROPERTY BEING ACQUIRED. A NEW POLICY OF TITLE INSURANCE SHOULD BE OBTAINED IN ORDER TO ENSURE YOUR INTEREST IN THE PROPERTY THAT YOU ARE ACQUIRING."

Additionally, even the CFPB on its "ask CFPB" "What is owner's title insurance?" page advises "You may want to buy an owner's title insurance policy, which can help protect your financial interest in the home." Moreover, not obtaining an owner's policy may increase the cost of the lender's policy (required by most lenders), possibly require the separate purchase of a preliminary title report, and may have an impact on the sale of the Property in the future.

Buyers who decide to opt out of obtaining an owner's title insurance policy are acting against the advice of Brokers as well as the advice provided in the California Civil Code § 1057.6 and by the CFPB. Brokers do not have expertise in this area.

12. RENT AND EVICTION CONTROL LAWS AND ORDINANCES: Buyer and Seller are advised that California and some cities and counties impose or may impose restrictions that limit the rent that can be charged to a tenant, the maximum number of tenants who can occupy the property, the right of a landlord to terminate a tenancy and the costs to do so. If Buyer wants further information, Broker(s) recommend that Buyer investigate the issue with an appropriate government authority or HOA during Buyer's inspection contingency period. Brokers do not have expertise in this area.

13. RETROFIT, BUILDING REQUIREMENTS, AND POINT OF SALE REQUIREMENTS: Buyer and Seller are advised that state and local Law may require **(i)** the installation of operable smoke detectors, **(ii)** bracing or strapping of water heaters, and **(iii)** upon sale completion of a corresponding written statement of compliance that is delivered to Buyer. Although not a point of sale or retrofit obligation, state law may require the property to have operable carbon monoxide detection devices. Additionally, some city and county governments may impose additional retrofit standards at time of sale including, but not limited to, installing or retrofitting low-flow toilets and showerheads, gas shut-off valves, fireplaces, and tempered glass. Further, there may be potential health impacts from air pollution caused from burning wood. Exposure to particulate matter from the smoke may cause short-term and long-term health effects. Buyers should consult with licensed professional to inspect, properly maintain, and operate a wood burning stove or fireplace. Broker(s) recommend that Buyer and Seller consult with the appropriate government agencies, inspectors, and other professionals to determine the retrofit standards for the Property, the extent to which the Property complies with such standards, and the costs, if any, of compliance. Brokers do not have expertise in this area.

14. SHORT TERM RENTALS AND RESTRICTIONS: Buyer and Seller are advised that some cities, counties and Homeowner Associations (HOAs) do impose or may impose restrictions that limit or prohibit the right of the owner or occupant to rent-out the Property for short periods of time (usually 30 Days or less). In short term rentals, as well as all rentals, Buyer and



Seller are advised to seek assistance to ensure compliance with all fair housing laws and regulations. If Buyer wants further information, Broker(s) recommend that Buyer investigate the issue with an appropriate government authority or HOA during Buyer's inspection contingency period. Brokers do not have expertise in this area.

- 15. VIEWS:** Buyer and Seller are advised that present views from the Property may be affected by future development or growth of trees and vegetation on adjacent properties and any other property within the line of sight of the Property. Brokers make no representation regarding the preservation of existing views. If Buyer wants further information, Broker(s) recommend that Buyer review covenants, conditions and restrictions, if any, and contact neighboring property owners, government agencies and homeowner associations, if any, during Buyer's inspection contingency period. Brokers do not have expertise in this area.
- 16. SWIMMING POOL, SECURITY AND SAFETY:** Buyer and Seller are advised that state and local Law may require the installation of barriers, anti-entrapment grates, access alarms, self-latching mechanisms, pool covers, exit alarms and/or other measures to decrease the risk to children and other persons of existing swimming pools and hot tubs, as well as various fire safety and other measures concerning other features of the Property. Compliance requirements differ from city to city and county to county. Unless specifically agreed, the Property may not be in compliance with these requirements. If Buyer wants further information, Broker(s) recommend that Buyer contact local government agencies about these restrictions and other requirements. State law requires that new pools and spas be equipped with at least two of seven specified drowning prevention safety features. Home inspectors have a statutory obligation to perform a non-invasive physical examination of the pool area to identify which safety features are present. Brokers do not have expertise in this area.
- 17. WATER SHORTAGES AND CONSERVATION:** Buyer and Seller are advised that the Property may be located in an area that could experience water shortages. The policies of local water districts and the city or county in which the Property is located can result in the occurrence of any or all of the following: **(i)** limitations on the amount of water available to the Property, **(ii)** restrictions on the use of water, and **(iii)** an increasingly graduated cost per unit of water use, including, but not limited to, penalties for excess usage. For further information, Broker recommends that Buyer contact the supplier of water to the Property regarding the supplier's current or anticipated policies on water usage and to determine the extent to which those policies may affect Buyer's intended use of the Property. If the Property is serviced by a private well, Buyer is advised that drought conditions and/or a low water table may make it necessary to arrange, through a private supplier, for delivery of water to the Property. Buyers should contact water truck companies for the costs involved. Brokers do not have expertise in this area.
- 18. 1915 IMPROVEMENT BOND MELLO-ROOS COMMUNITY DISTRICT, AND OTHER ASSESSMENT DISTRICTS:** Buyer and Seller are advised that the Property may be subject to an improvement bond assessment under the Improvement Bond Act of 1915, a levy of a special tax pursuant to a Mello-Roos Community Facilities district, and/or a contractual assessment as provided in § 5898.24 of the Streets And Highways Code or other assessment districts. Seller is generally required to make a good faith effort to obtain a disclosure notice from any local agency collecting such taxes and deliver such notice to Buyers. If there is a question as to whether an existing bond or assessment will be prorated as of the close of escrow, or whether Seller will pay off the bond or assessment at close of escrow, Buyers are advised to discuss the matter with the appropriate entity and address the responsibility for payment in negotiations for the purchase agreement or amendment prior to removing contingencies. Some cities and other localities have begun, or have the intention to begin, the process of requiring the replacement of utility poles by requiring that utility lines be buried underground. These projects can result in special tax assessments and set-up costs that are imposed on individual property owners. Brokers do not have expertise in this area.

C. Off-Site and Neighborhood Conditions

- 1. GOLF COURSE DISCLOSURES:** Buyer and Seller are advised that if the Property is located adjacent to or near a golf course the following may apply: **(i)** Stray golf balls – Any residence near a golf course may be affected by errant golf balls, resulting in personal injury or destruction to property. Golfers may attempt to trespass on adjacent property to retrieve golf balls even though the project restrictions may expressly prohibit such retrieval. **(ii)** Noise and lighting – The noise of lawn mowers irrigation systems and utility vehicles may create disturbances to homeowners. Maintenance operations may occur in the early morning hours. Residents living near the clubhouse may be affected by extra lighting, noise, and traffic. **(iii)** Pesticides and fertilizer use – A golf course may be heavily fertilized, as well as subjected to other chemicals during certain periods of the year. **(iv)** Irrigation system – Golf course sprinkler systems may cause water overspray upon adjacent property and structures. Also the irrigation system of a golf course may use reclaimed and retreated wastewater. **(v)** Golf carts – Certain lots may be affected more than others by the use of golf carts. Lots adjacent to a tee or putting green may be subject to noise disturbances and loss of privacy. **(vi)** Access to golf course from residences – It is likely that most residences will not have direct access from their lots to the golf course. The project restrictions may disclaim any right of access or other easements from a resident's lot onto the golf course. **(vii)** View obstruction – Residents living near a golf course may have their views over the golf course impacted by maturing trees and landscaping or by changes to the course's configuration. **(viii)** Water restrictions – As some municipalities face water shortages, the continued availability of water to the golf course may be restricted or otherwise reduced by the local water agency. If Buyer wants further information, Broker(s) recommend that Buyer contact the local water agency regarding this matter. Brokers do not have expertise in this area.
- 2. NEIGHBORHOOD, AREA, PERSONAL FACTORS, BUYER INTENDED USE, HIGH SPEED RAILS, AND SMOKING RESTRICTIONS:** Buyer and Seller are advised that the following may affect the Property or Buyer's intended use of it: neighborhood or area conditions, including schools, proximity and adequacy of law enforcement, crime, fire protection,

other government services, availability, adequacy and cost of any speed-wired, wireless internet connections or other telecommunications or other technology services and installations, proximity to medical marijuana growing or distribution locations, cell phone towers, manufacturing, commercial, industrial, airport or agricultural activities or military ordnance locations, existing and proposed transportation, construction, and development, any other source that may affect noise, view, traffic, or odor, wild and domestic animals, susceptibility to tsunami and adequacy of tsunami warnings, other nuisances, hazards, or circumstances, protected species, wetland properties, botanical diseases, historic or other governmentally-protected sites or improvements, cemeteries, conditions and influences of significance to certain cultures and/or religions, and personal needs, requirements and preferences of Buyer and FAA requirements for recreational and non-recreational use of Unmanned Aircraft Systems (UAS) (drones) (see UAS frequently asked questions <http://www.faa.gov/uas/faqs/>). California is potentially moving toward high speed rail service between Northern and Southern California. This rail line could have an impact on the Property if it is located nearby. More information on the timing of the project and routes is available from the California High-Speed Rail Authority at www.cahighspeedrail.ca.gov/. The State of California has long-standing no smoking laws in place restricting smoking in most business and some public spaces. Local jurisdictions may enact laws that are more restrictive than state law. Many California cities have enacted restrictions on smoking in parks, public sidewalks, beaches and shopping areas. Some jurisdictions have restrictions entirely banning smoking inside privately owned apartments and condominiums as well as in the common areas of such structures, or limiting smoking to certain designated areas. If Buyer wants further information, Broker(s) recommend that Buyer contact local government agencies about these restrictions. Brokers do not have expertise in this area.

3. **NEIGHBORHOOD NOISE SOURCES:** Buyer and Seller are advised that even if the Property is not in an identified airport noise influence area, the Property may still be subject to noise and air disturbances resulting from airplanes and other aircraft, commercial or military or both, flying overhead. Other common sources of noise include nearby commercial districts, schools, traffic on streets, highways and freeways, trains and general neighborhood noise from people, dogs and other animals. Noise levels and types of noise that bother one person may be acceptable to others. Buyer is advised to satisfy him/herself with regard to any sources of and amounts of noise at different times of day and night. Brokers do not have expertise in this area.
4. **SCHOOLS:** Buyer and Seller are advised that children living in the Property may not, for numerous reasons, be permitted to attend the school nearest the Property. Various factors including, but not limited to, open enrollment policies, busing, overcrowding and class size reductions may affect which public school serves the Property. School district boundaries are subject to change. Buyer is advised to verify whether the Property is now, and at the Close of Escrow will be, in the school district Buyer understands it to be in and whether residing in the Property entitles a person to attend any specific school in which that Buyer is interested. Broker(s) recommend that Buyer contact the local school or school district for additional information during Buyer's inspection contingency period. Brokers do not have expertise in this area.
5. **UNDERGROUND PIPELINES AND UTILITIES:** Throughout California underground pipelines transport natural gas, liquid fuel and other potentially hazardous materials. These pipelines may or may not provide utility services to the Property. Information about the location of some of the pipelines may be available from a company that also provides disclosures of natural and other hazards or from other sources of public maps or records. Proximity to underground pipelines, in and of itself, does not affirmatively establish the risk or safety of the property. If Buyer wants further information about these underground pipelines and utilities, Buyer is advised to consult with appropriate experts during Buyer's inspection contingency period. Brokers do not have expertise in this area.
6. **WILDLIFE:** California is the home to many species of wildlife. The location of homes in California continues to expand into areas that are the natural habitat of wildlife and the Property may be in such an area. Wildlife may become a nuisance especially if the availability of their natural sources of food or water is limited. Buyer should investigate the need to implement mitigation measures at the Property including but not limited to the use of animal-resistant garbage containers, and other appropriate measures depending on the species and habitat involved. Brokers do not have expertise in this area.
7. **SEA LEVEL RISE/COASTAL PROPERTIES:** Sea level rise has the potential to affect coastal residents, recreation, and development. Coastal communities may or may not have addressed the potential impact. The following is a non-exclusive list of issues that may be impacted by sea level rise: **(i)** Shoreline, beach and bluff erosion, and flooding; **(ii)** The effectiveness of seawalls and bulkheads, whether built with or without permits; **(iii)** Seaward construction, development or improvement to existing structures; **(iv)** The enactment of geological hazard abatement districts and assessments; and **(v)** The location of the "mean high tide line" which is used to delineate shoreline boundaries for some coastal properties.

Below is a non-exhaustive list of potential resources provided as a starting point for Buyer investigations into sea level rise, and not as an endorsement or guarantee that any federal, state, county, city or other resource will provide complete advice.

- A. California Coastal Commission contact information: <https://www.coastal.ca.gov/contact/#/>
- B. State Lands Commission contact information: <https://www.slc.ca.gov/contact-us/>
- C. National Oceanic and Atmospheric Administration (sea level rise page): <https://coast.noaa.gov/slr/>
- D. California Coastal Commission (sea level rise page): <https://www.coastal.ca.gov/climate/slr/>
- E. Federal Emergency Management Agency (FEMA): <https://www.fema.gov/flood-maps>; <https://msc.fema.gov>

If Buyer wants further information, Broker recommends that Buyer discuss the issue with an appropriate professional during Buyer's inspection contingency period. Brokers do not have expertise in this area.



D. Legal Requirements (Federal, State and Local)

1. **DEATH ON THE PROPERTY:** California Civil Code § 1710.2 protects a seller from: (i) failing to disclose a death on the property that occurred more than 3 years before a buyer has made an offer on a property; and (ii) failing to disclose if an occupant of a property was afflicted with HIV/AIDS, regardless of whether a death occurred or if so, when § 1710.2 does not protect a seller from making a misrepresentation in response to a direct inquiry. If the Buyer has any concerns about whether a death occurred on the Property or the manner, location, details or timing of a death, the buyer should direct any specific questions to the Seller in writing. Brokers do not have expertise in this area.
2. **EARTHQUAKE FAULT ZONES AND SEISMIC HAZARD ZONES:** Buyer and Seller are advised that California Public Resources Code §§ 2622 and 2696 require the delineation and mapping of "Earthquake Fault Zones" along known active faults and "Seismic Hazard Zones" in California. Affected cities and counties must regulate certain development projects within these zones. Construction or development on affected properties may be subject to the findings of a geological report prepared by a registered California geologist. Generally, Seller must disclose if the Property is in such a zone and can use a research company to aid in the process. If Buyer wants further information, Broker recommends that, during Buyer's inspection contingency period, Buyer make independent inquiries with such research companies or with appropriate government agencies concerning the use and improvement of the Property. Buyer is advised that there is a potential for earthquakes and seismic hazards even outside designated zones. Brokers do not have expertise in this area.
3. **EPA's LEAD-BASED PAINT RENOVATION, REPAIR AND PAINTING RULE:** The new rule requires that contractors and maintenance professionals working in pre-1978 housing, child care facilities, and schools with lead-based paint be certified; that their employees be trained; and that they follow protective work practice standards. The rule applies to renovation, repair, or painting activities affecting more than six square feet of lead-based paint in a room or more than 20 square feet of lead-based paint on the exterior. Enforcement of the rule begins October 1, 2010. See the EPA website at <http://www.epa.gov/lead> for more information. Buyer and Seller are advised to consult an appropriate professional. Brokers do not have expertise in this area.
4. **FIRE HAZARDS:** Buyer and Seller are advised that fires annually cause the destruction of thousands of homes. Due to varied climate and topography, certain areas have higher risks of fires than others. Certain types of materials used in home construction create a greater risk of fire than others. If the Property is located within a State Fire Responsibility Area or a Very High Fire Hazard Zone, generally Seller must disclose that fact to Buyer under California Public Resources Code § 4136 and California Government Code §§ 51178 and 51183.5, and may use a research company to aid in the process. Owners of property may be assessed a fire prevention fee on each structure on each parcel in such zones. The fee may be adjusted annually commencing July 1, 2013. If Buyer wants further information, Broker recommends that, during Buyer's inspection contingency period, Buyer contact the local fire department and Buyer's insurance agent regarding the risk of fire. Buyer is advised that there is a potential for fires even outside designated zones. Brokers do not have expertise in this area.
5. **FIRPTA/CALIFORNIA WITHHOLDING:** Buyer and Seller are advised that: (i) Internal Revenue Code § 1445, as of February 17, 2016, requires a Buyer to withhold and to remit to the Internal Revenue Service 15% of the purchase price of the property if the Seller is a non-resident alien, unless an express exemption applies. Only 10% needs to be withheld if the Buyer acquires the property as Buyer's residence and the price does not exceed \$1,000,000. Seller may avoid withholding by providing Buyer a statement of non-foreign status. The statement must be signed by Seller under penalty of perjury and must include Seller's tax identification number. Buyer can also avoid having to withhold Federal taxes from Seller's Proceeds if the property price is \$300,000 or less, and the Buyer signs an affidavit stating Buyer intends to occupy the property as a principal residence. (ii) California Revenue and Taxation Code § 18662 requires that a Buyer withhold and remit to the California Franchise Tax Board 3 1/3% of the purchase price of the property unless the Seller signs an affidavit that the property was the Seller's (or the decedent's, if a trust or probate sale) principal residence or that the sales price is \$100,000 or less or another express exemption applies. Exemptions from withholding also apply to legal entities such as corporations, LLCs, and partnerships. Brokers cannot give tax or legal advice. Broker recommends that Buyer and Seller seek advice from a CPA, attorney or taxing authority. Brokers do not have expertise in this area.
6. **FLOOD HAZARDS:** Buyer and Seller are advised that if the Property is located within a Special Flood Hazard Area, as designated by the Federal Emergency Management Agency (FEMA), or an area of Potential Flooding pursuant to California Government Code § 8589.3, generally Seller must disclose this fact to Buyer and may use a research company to aid in the process. The National Flood Insurance Program was established to identify all flood plain areas and establish flood-risk zones within those areas. The program mandates flood insurance for properties within high-risk zones if loans are obtained from a federally-regulated financial institution or are insured by any agency of the United States Government. The extent of coverage and costs may vary. If Buyer wants further information, Broker(s) recommend that Buyer consult his or her lender and/or insurance agent during Buyer's inspection contingency period. Buyer is advised that there is a potential for flooding even outside designated zones. Brokers do not have expertise in this area.
7. **MEGAN'S LAW DATABASE DISCLOSURE:** Notice: Pursuant to § 290.46 of the Penal Code, information about specific registered sex offenders is made available to the public via an Internet Web site maintained by the Department of Justice at <http://www.meganslaw.ca.gov/>. Depending on an offender's criminal history, this information will include either the address at which the offender resides or the community of residence and ZIP Code in which he or she resides. (Neither Seller nor Brokers, in any, are required to check this website. If Buyer wants further information, Buyer should obtain information directly from this website.) Brokers do not have expertise in this area.

- 8. NOTICE OF YOUR SUPPLEMENTAL PROPERTY TAX BILL; ACCURATE SALES PRICE REPORTING:** Buyer and Seller are advised that pursuant to Civil Code § 1102.6(c), Seller, or his or her agent, is required to provide the following notice to the Buyer:

“California property tax law requires the Assessor to revalue real property at the time the ownership of property changes. Because of this law, you may receive one or two supplemental tax bills, depending on when your loan closes.

The supplemental tax bills are not mailed to your lender. Even if you have arranged for your property tax payments to be paid through an impound account, the supplemental tax bills will not be paid by your lender. It is your responsibility to pay these supplemental bills directly to the Tax Collector. If you have any questions concerning this matter, please call your Tax Collector’s Office.”

Although the notice refers to loan closing as a trigger, it is actually the change of ownership which triggers this reassessment of property taxes. Therefore, the Property can be reassessed even if there is no loan involved in the purchase of the Property. The Purchase Agreement may allocate supplemental tax bills received after the Close of Escrow to the Buyer. A change (preliminary change) of ownership form is generally required to be filed by the Buyer with the local taxing agency. The form identifies the sales price of the Property. An assessor may value the Property at its fair market value regardless of the sales price declared by the Buyer. If Buyer wants further information concerning these matters, Broker(s) recommend that Buyer discuss the issue with the County Assessor or Tax Collector or their own tax or legal advisor. Brokers do not have expertise in this area.

- 9. ZONE MAPS MAY CHANGE:** Maps that designate, among other things, Earthquake Fault Zones, Seismic Hazard Zones, State Fire Responsibility Areas, Very High Fire Hazard Zones, Special Flood Hazard Areas, and Potential Flooding Areas are occasionally redrawn by the applicable Government Agency. Properties that are currently designated in a specified zone or area could be removed and properties that are not now designated in a specified zone or area could be placed in one or more such zones or areas in the future. A property owner may dispute a FEMA flood hazard location by submitting an application to FEMA. Brokers do not have expertise in this area.

E. Contract Related Issues and Terms

- 1. SIGNING DOCUMENTS ELECTRONICALLY:** The ability to use electronic signatures to sign legal documents is a great convenience, however Buyers and Sellers should understand they are signing a legally binding agreement. Read it carefully. Although electronic signature programs make it easy to skip from one signature or initial line to another, Buyers and Sellers are cautioned to only sign if they have taken the time necessary to read each document thoroughly, understand the entire document, and agree to all of its terms. Do not just scroll through or skip to the next signature or initial line, even if you have reviewed an earlier draft of the document. If you have questions or do not understand a provision, before you sign ask your Broker, Agent or legal advisor about the contract term and sign only if you agree to be bound by it. Some signature or initial lines are optional, such as for the liquidated damages and arbitration clauses. Consider your decision before signing or initialing. See below for more information on the liquidated damages and arbitration clauses. If there are more than one buyer or seller, each must sign or initial on their own. Do not sign or initial for anyone else unless you have a power of attorney for that person or are otherwise legally authorized, in writing, to sign or initial for another. Print or electronically store a copy of the document for your own records. Brokers do not have expertise in this area.
- 2. LIQUIDATED DAMAGES:** Buyer and Seller are advised that a liquidated damages clause is a provision Buyer and Seller can use to agree in advance to the amount of damages that a seller will receive if a buyer breaches the Agreement. The clause usually provides that a seller will retain a buyer’s initial deposit paid if a buyer breaches the agreement, and generally must be separately initialed by both parties and meet other statutory requirements to be enforceable. For any additional deposits to be covered by the liquidated damages clause, there generally must be another separately signed or initialed agreement (see C.A.R. Form DID). However, if the Property contains from 1 to 4 units, one of which a buyer intends to occupy, California Civil Code Section 1675 limits the amount of the deposit subject to liquidated damages to 3% of the purchase price. Even though both parties have agreed to a liquidated damages clause, an escrow company will usually require either a judge’s or arbitrator’s decision or instructions signed by both parties in order to release a buyer’s deposit to a seller. Buyers and Sellers must decide on their own, or with the advice of legal counsel, whether to agree to a liquidated damages clause. Brokers do not have expertise in this area.
- 3. MEDIATION:** Buyer and Seller are advised that mediation is a process by which the parties hire a neutral person to facilitate discussion and negotiation between the parties with the goal of helping them reach a settlement of their dispute. The parties generally share in the cost of this confidential, non-binding negotiation. If no agreement is reached, either party can pursue further legal action. Under C.A.R. Form RPA: (i) the parties must mediate any dispute arising out of their agreement (with a few limited exceptions, such as matters within the jurisdiction of a small claims court) before they resort to arbitration or court, and (ii) if a party proceeds to arbitration or court without having first attempted to mediate the dispute, that party risks losing the right to recover attorney fees and costs even if he or she prevails. Brokers do not have expertise in this area.
- 4. ARBITRATION:** Buyer and Seller are advised that arbitration is a process by which the disputing parties hire a neutral person to render a binding decision. Generally, arbitration is faster and less expensive than resolving disputes by litigating in court. The rules are usually less formal than in court, and it is a private process not a matter of public record. By agreeing to arbitration, the parties give up the right to a jury trial and to appeal the arbitrator’s decision. Arbitration

decisions have been upheld even when arbitrators have made a mistake as to the law or the facts. If the parties agree to arbitration, then after first attempting to settle the dispute through mediation, any dispute arising out of their agreement (with a few limited exceptions) must be submitted to binding arbitration. Buyer and Seller must weigh the benefits of a potentially quicker and less expensive arbitration against giving up the right to a jury trial and the right to appeal. Brokers cannot give legal advice regarding these matters. Buyers and Sellers must decide on their own, or with the advice of legal counsel, whether to agree to arbitration. Brokers do not have expertise in this area.

5. **ESCROW FUNDS:** Buyer and Seller are advised that California Insurance Code § 12413.1 provides that escrow companies cannot disburse funds unless there are sufficient “good funds” to cover the disbursement. “Good funds” are defined as cash, wire transfers and cashiers’ or certified checks drawn on California depositories. Escrow companies vary in their own definitions of “good funds.” Broker(s) recommend that Buyer and Seller ask the escrow company regarding its treatment of “good funds.” All samples and out-of-state checks are subject to waiting periods and do not constitute “good funds” until the money is physically transferred to and received by the escrow holder. Brokers do not have expertise in this area.
6. **HOME WARRANTY:** Buyer and Seller are advised that Buyer and Seller can purchase home warranty plans covering certain standard systems of the Property both before and after Close of Escrow. Seller can obtain coverage for the Property during the listing period. For an additional premium, an upgraded policy providing additional coverage for air conditioning, pool and spa and other features can be purchased. Home warranties do not cover every aspect of the Property and may not cover inspections or upgrades for repairs required by state or federal laws or pre-existing conditions. Broker(s) recommend that Buyer review the policy for details. Brokers do not have expertise in this area.
7. **IDENTIFICATION OF NATURAL PERSONS BEHIND SHELL COMPANIES IN ALL-CASH TRANSACTIONS:** The U.S. Treasury Department’s Financial Crimes Enforcement Network (FinCEN) has issued Geographic Targeting Orders (GTOs) targeting alleged money laundering risk in the real estate sector. The GTOs will temporarily require U.S. title insurance companies to identify the natural persons behind shell companies used to pay “all cash” for high-end residential real estate in certain major metropolitan areas. FinCEN explained that it remains concerned that all-cash purchases (i.e., those without bank financing) may be conducted by individuals attempting to hide their assets and identity by purchasing residential properties through limited liability companies or other similar structures. Since the original issuance, the GTOs have been renewed and may continue to be renewed. The GTOs cover the following areas in California: Los Angeles, San Francisco, San Mateo, Santa Clara and San Diego Counties. The monetary thresholds for each county is \$300,000. GTOs have helped law enforcement identify possible illicit activity. FinCEN reported that a significant portion of covered transactions have dictated possible criminal activity associated with the individuals reported to be the beneficial owners behind shell company purchasers. Brokers do not have expertise in this area.
8. **NON CONFIDENTIALITY OF OFFERS:** Buyer is advised that Seller or Listing Agent may disclose the existence, terms, or conditions of Buyer’s offer, unless all parties and their agent have signed a written confidentiality agreement (such as C.A.R. Form CND). Whether any such information is actually disclosed depends on many factors, such as current market conditions, the prevailing practice in the real estate community, the Listing Agent’s marketing strategy and the instructions of the Seller. Brokers do not have expertise in this area.
9. **ONLINE OR WIRE FUNDS TRANSFERS:** Instructions for the online or wire transfer of escrow deposits have been known to be intercepted by hackers who alter them so that Buyer’s funds are actually wired to accounts controlled by criminals rather than the escrow company. Buyers should exercise extreme caution in making electronic funds transfers, verifying that the organization they are transferring funds to is, in fact, the escrow company and that their own bank account information is not being exposed. See C.A.R. Form WFA for further information. Brokers do not have expertise in this area.

F. Other Factors Affecting Property

1. **COMMUNITY ENHANCEMENT AND PRIVATE TRANSFER FEES:** Buyer and Seller are advised that some areas or communities may have enhancement fees or user-type fees, or private transfer taxes and fees, over and above any stated fees. The Federal Housing Finance Agency has issued a rule that prohibits Fannie Mae and Freddie Mac from purchasing loans made on properties with private transfer fees if those fees were established on or after February 8, 2011. See title 12 Code of Federal Regulations § 1228 for more information and exceptions. Private transfer fees: (i) may last for a fixed period of time or in perpetuity, (ii) are typically calculated as a percentage of the sales price, and (iii) may have private parties, charitable organizations or interest-based groups as their recipients who may use the funds for social issues unrelated to the property. Brokers do not have expertise in this area.
2. **GENERAL RECALL/DEFECTIVE PRODUCT/CLASS ACTION INFORMATION:** Buyer and Seller are advised that government entities and manufacturers may at any time issue recall notices and/or warnings about products that may be present in the Property, and that these notices or warnings can change. The following nonexclusive, non-exhaustive list contains examples of recalled/defective products/class action information: horizontal furnaces, Whirlpool Microwave Hood Combination; RE-ConBuilding products roof tiles; Central Sprinkler Company Fire Sprinklers; Robert Shaw Water Heater Gas Control Valves; Trex Decking; water heaters; aluminum wiring; galvanized, abs, polybutylene PEX, KITEC® and copper pipe; and dry wall manufactured in China. There is no single, all-inclusive source of information on product recalls, defective products or class actions; however, the U.S. Consumer Product Safety Commission (CPSC) maintains a website that contains useful information. If Buyer wants further information regarding the items listed above, Broker(s) recommend that Buyer review the CPSC website at

<http://www.cpsc.gov/> during Buyer's inspection contingency period. Another source affiliated with the CPSC is <http://saferproducts.gov/> which allows a Buyer to search by product type or product name. Buyer may also search using the various search engines on the Internet for the specified product or products in question. Brokers recommend that Buyer satisfy themselves regarding recalled or defective products. Brokers will not determine if any aspect of the Property is subject to a recall or is affected by a class action lawsuit. Brokers do not have expertise in this area.

- 3. HOMEOWNER ASSOCIATIONS AND COVENANTS, CONDITIONS AND RESTRICTIONS (“CC&Rs”); CHARGING STATIONS; FHA/VA APPROVAL:** Buyer and Seller are advised that if the Property is a condominium, or located in a planned unit development, or in a common interest subdivision, there are typically restrictions on use of the Property and rules that must be followed. Restrictions and rules are commonly found in Declarations and other governing documents. Further there is likely to be a homeowner association (HOA) that has the authority to affect the Property and its use. Whether or not there is a HOA, the Property may still be subject to CC&Rs restricting use of the Property. The HOA typically has the authority to enforce the rules of the association, assess monetary payments (both regular monthly dues and special assessments) to provide for the upkeep and maintenance of the common areas, and enforce the rules and assessment obligations. If you fail to abide by the rules or pay monies owed to the HOA, the HOA may put a lien against your Property. Additionally, if an electric vehicle charging station is installed in a common area or an exclusive use common area, each Seller whose parking space is on or near that charging station must disclose its existence and that the Buyer will have the responsibilities set forth in California Civil Code §4745. The law requires the Seller to provide the Buyer with the CC&Rs and other governing documents, as well as a copy of the HOA's current financial statement and operating budget, among other documents. Effective July 1, 2016, a Common Interest Development (CID) will be required to include in its annual budget report a separate statement describing the status of the CID as a Federal Housing Administration or Department of Veterans Affairs approved Development. While the purchase agreement and the law require that the annual budget be provided by Seller to Buyer, Brokers will not and cannot verify the accuracy of information provided by the CID. Buyer is advised to carefully review all HOA documents provided by Seller and the CC&Rs, if any, and satisfy him/herself regarding the use and restrictions of the Property, the amount of monthly dues and/or assessments, the adequacy of reserves, current and past insurance coverage and claims, and the possibility of any legal action that may be taken by or against the HOA. The HOA may not have insurance or may not cover personal property belonging to the owner of the unit in the condominium, common interest or planned unit development. For more information Buyer may request from Broker the C.A.R. Legal Q&A titled: "Homeowners' Associations: A Guide for REALTORS®". Brokers do not have expertise in this area.
- 4. LEGAL ACTION:** Buyer and Seller are advised that if Seller or a previous owner was involved in a legal action (litigation or arbitration) affecting the Property, Buyer should obtain and review public and other available records regarding the legal action to determine: **(i)** whether the legal action or any resolution of it affects Buyer and the Property, **(ii)** if any rights against any parties involved in the legal action survive the legal action or have been terminated or waived as a result of the legal action, whether or not involving the same issue as in the legal action, and **(iii)** if any recommendations or requirements resulting from the legal action have been fulfilled and, if so, that Buyer is satisfied with any such action. Buyer should seek legal advice regarding these matters. Brokers do not have expertise in this area.
- 5. MARKETING; INTERNET ADVERTISING; INTERNET BLOGS; SOCIAL MEDIA:** Buyer and Seller are advised that Broker may employ a “staging” company to assist in the presentation of the Property. The furnishings and decorations in the staging are generally not included in the sale unless specifically noted in the Agreement. Statements and inclusion in the MLS entry, flyers, and other marketing materials are NOT part of the Agreement. In addition, Broker may employ a service to provide a “virtual tour” or “virtual staging” or Internet marketing of the Property, permitting potential buyers to view the Property over the Internet. While they are supposed to be an accurate representation of the property, the photos may be enhanced and not fully representative of the actual condition of the property. Further, neither the service provider nor Broker have total control over who will obtain access to materials placed on the internet or what action such persons might take. Additionally, some Internet sites and other social media provide formats for comments or opinions of value of properties that are for sale. Information on the Property, or its owner, neighborhood, or any homeowner association having governance over the Property may be found on the internet on individual or commercial web sites, blogs, Facebook pages, or other social media. Any such information may be accurate, speculative, truthful or lies, and it may or may not reflect the opinions or representations by the Broker. Broker will not investigate any such sites, blogs, social media or other internet sites or the representations contained therein. Buyer is advised to make an independent search of electronic media and online sources prior to removing any investigation contingency. Buyer and Seller are advised that Broker has no control over how long the information or photos concerning the Property will be available on the Internet or through social media, and Broker will not be responsible for removing any such content from the internet or MLS. Brokers do not have expertise in this area.
- 6. PACE LOANS AND LIENS:** The acronym PACE stands for Property Assessed Clean Energy. PACE programs allow property owners to finance energy and water conservation improvements and pay for them through an assessment on the owner's property. PACE programs are available in most areas for both residential one to four unit properties and commercial properties. PACE programs may be referred to by different names such as HERO or SCEIP, among others. If a PACE project is approved, an assessment lien is placed on a property for the amount owed plus interest. A property owner repays the entity for the improvements as a special tax assessment on the property tax bill over

a period of years. A PACE lien is similar to a property tax lien in that it has "super priority." Sellers are obligated to disclose, pursuant to the C.A.R. Residential Purchase Agreement (C.A.R. Form RPA), whether any improvement is subject to a lien such as a PACE lien. Properties that are subject to PACE liens made on or after July 6, 2010 may not be eligible for financing. For more information, Buyer may request from Broker the C.A.R. Legal Q&A titled: "PACE Programs and Solar Leases". Brokers do not have expertise in this area.

- 7. **RE-KEYING:** All locks should be re-keyed immediately upon close of escrow so as to ensure the Buyer's safety and security of their persons as well as their personal belongings. Alarms, if any, should be serviced by professionals and codes should be changed. Garage door openers and remotes should be re-coded. In the event of a lease back to Seller after the close of escrow, Seller is advised that the Buyer is entitled to the keys as the Owner of the Property even though the Seller stays in possession of the Property as provided in the RPA. Brokers do not have expertise in this area.
- 8. **SOLAR PANEL LEASES:** Solar panel or power systems may be owned or leased. Although leased systems are probably personal property, they are included in the sale by the C.A.R. purchase agreement which also obligates the Seller to make a disclosure to the Buyer and provide the Buyer with documentation concerning the lease and system. Leasing companies generally secure payments by filing a UCC-1 (a Uniform Commercial Code form giving notice of a creditor's security interest) against the property. Buyers are given a contingency right to investigate the solar related system and documentation and assume any lease. Assumption of the lease may require Buyer to provide financial information to the leasing company who may require a credit report be obtained on the Buyer. Should a solar panel or power system be on the Property, Buyers should determine if the system is leased or owned. Buyers willingness to assume any such lease is a contingency in favor of Seller. For more information, Buyer may request from Broker the C.A.R. Legal Q&A titled: "PACE Programs and Solar Leases". Brokers do not have expertise in this area.
- 9. **RECORDING DEVICES:** Audio or video recording devices or both may be present on the Property, whether or not notice of any such devices has been posted. Seller may or may not even be aware of the capability of such devices. Brokers do not have expertise in this area.

G. Local Disclosures and Advisories

1. LOCAL ADVISORIES OR DISCLOSURES (IF CHECKED):

The following disclosures or advisories are attached:

- A. San Mateo/Santa Clara Advisory
- B. _____
- C. _____
- D. _____

Buyer and Seller are encouraged to read all 14 pages of this Advisory carefully. By signing below, Buyer and Seller acknowledge that each has read, understands and received a copy of all 14 pages of this Advisory.

BUYER _____ Date _____

BUYER _____ Date _____

SELLER ^{DocuSigned by:} Todd Grover Todd Grover Date 9/8/2022

SELLER ^{DocuSigned by:} Kelly Grover Kelly Grover Date 9/7/2022

Real Estate Broker (Buyer's Brokerage Firm) _____ DRE Lic.# _____

By _____ DRE Lic. # _____ Date _____

Address _____ City _____ State _____ Zip _____

Real Estate Broker (Seller's Brokerage Firm) Serenio DRE Lic.# 02101181

By Kevin Lu DRE Lic. # 01999867 Date 9/8/2022

Address 31D7A52CEA554C1... 350 Cambridge Ave #100 City Palo Alto State CA Zip 94306

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