

Your Real Estate Disclosure & Consumer Information Packet

NEITHER THE SELLER, THE LISTING FIRM, NOR THE SELLING FIRM OR ANY OF THEIR EMPLOYEES OR AGENTS SHALL BE LIABLE FOR BUYER'S FAILURE TO INVESTIGATE ANY OF THESE ISSUES OR DISCLOSURES PRIOR TO ENTERING INTO A PURCHASE AGREEMENT OR CLOSING ON THE SALE. BY YOUR SIGNATURE YOU ACKNOWLEDGE YOU HAVE READ & UNDERSTAND THIS ENTIRE DISCLOSURE DOCUMENT

1) **REALTORS®** are real estate licensees who, as members of the National Association of REALTORS® as well as the state and local Associations of REALTORS®, have pledged to the public and to each other that they will adhere to a strict code of ethics and higher standards of professionalism, integrity and competence. Your REALTOR® is providing you with this disclosure and informational pages in order to assist you in making informed decisions when purchasing, selling or optioning real estate.

2) **AGENT SERVICES:** Regardless of whom they represent, a REALTOR® can provide a variety of client services and information to you (if you are a buyer client, or a seller client) and assistance to all parties in a real estate transaction. For example, REALTORS® can assist customers (non-clients) by performing ministerial acts such as supplying information about available properties and sources of financing, describing and showing properties, assisting in preparing and submitting purchase offers or counteroffers, or providing information about settlement procedures.

As noted in the residential property disclosure documents, the owners of the real property you are considering and the agents make no representations or warranties as to the condition of the property, any improvements thereon, or of any adjacent or nearby properties or improvements. REALTORS® acting as standard agents are required by Virginia law and by their Code of Ethics to treat all parties honestly and not knowingly give them false information, promptly present all written offers and counteroffers, disclose any adverse material facts actually known to them concerning the physical condition of a property, and offer properties without regard to race, color, religion, sex, handicap, familial status, elderliness or national origin, as well as any other classes protected by the Commonwealth of Virginia and applicable local jurisdiction.

Any information provided at any time by the real estate firm or agent or the firm's Broker involved in any way in the showing of real property or during any phase of the real estate transaction from initial inquiries by the buyers through the closing and post settlement may be deemed to be presented in good faith within the scope of the Real Estate Agent's or Broker's professional real estate qualifications & duties, but such information cannot be guaranteed. NOTE: Representation by a licensed agent in a real estate transaction does not relieve you as buyers and sellers (Principals) from your fundamental responsibility to protect your own interest.

Your agent may not perform your due diligence for you. Your agent may only suggest sources where you can obtain the information or documents you seek....provided your agent has actual knowledge of where to obtain the information or documents. As a buyer, you should take all reasonable steps to determine the condition of the property you are planning on purchasing.

It is your sole responsibility to perform whatever due diligence you deem necessary to independently verify any and all information in connection with the real estate transaction. You should seek professional advice in regard to any facet of the transaction you deem necessary and you should make your own inquiries to the appropriate government agencies, or by retaining your own professional service providers in regard to any and all matters that you as the buyer deem important in reaching a decision to purchase any real property, including but not limited to; determining property values and setting the price you want to use in your offer to purchase, seeking legal or tax advice, checking for potential or actual issues involving zoning, land planning, availability of public facilities, future road plans, utilities, use of adjacent or nearby properties, master plans and searching public records or government agencies for documents such as plats, deeds,

deed restrictions, land titles, septic and well permits, building permits, airports or air strips in the region and contacting school officials to confirm school districts or school bus routes and check your insurance agent for premium costs and whether they will require inspections or whether the house was used as a meth lab.

If you're concerned about sex offenders or alleged criminals or convicted criminals being in the neighborhood or who may have an ownership interest in the property you're considering and if their presence is important to you in making a purchase decision about a particular property, then you must check the appropriate sources to confirm these details. You should also use your own due diligence to read or review national or local news media sources to locate perpetrators and then cross reference on your own these names with any properties or neighborhoods you're interested in. Also refer to the following sections dealing with recommended inspections.

The price to be paid for a property is determined solely by agreement between you and the seller. The contract price may be supported by an independent appraisal during the loan approval process and approved and underwritten by your lender. The appraisal is ordered by your lender. You agree that the Broker/Real Estate Agent is not responsible or liable for any loss of value that may occur when purchasing a property as the real estate market has many up and down cycles over time and you further understand and acknowledge that your real estate agent cannot determine the price you should offer for a property nor provide appraisal/CMA type services to assist you in determining a price to offer nor speculate as to future value.

3) RESPONSIBILITY: Each party to a real estate transaction should carefully read all documents to be sure that the terms accurately express the understanding of the parties as to your intentions and the agreements you have reached. You should include contingencies in the contract to give you ample time to perform your due diligence. Plan your appointment with your agent to write the contract when you have sufficient time to devote to that task, without interruptions so as to avoid being rushed and to give time to read and understand the many documents you will be signing. As a guideline, you should allow about 2 hours for this appointment. REALTORS® can counsel on real estate matters, but if legal or tax advice is desired, you should consult an attorney or a financial professional. If you have any questions about the roles and responsibilities of REALTORS® or about any other material presented here, please do not hesitate to ask for more information. You may ask that your attorney review all contract documents.

4) TYPES OF REAL ESTATE REPRESENTATION: (BUYER, SELLER, DUAL AGENCY) Unless otherwise provided by law or the Client consents in writing to the release of information, the Broker shall maintain the confidentiality of all personal and financial information and other matters identified as confidential by the Client, if that information is received from the Client during the brokerage relationship. In satisfying these duties, the Broker shall exercise ordinary care, comply with all applicable laws and regulations, treat all prospective buyers and sellers honestly and not knowingly give false information, and the Broker representing a buyer shall disclose whether or not the buyer's intent is to occupy the property as a principal residence.

In addition, the Broker may show the same property to different buyer clients, represent sellers as well as buyers, or provide assistance to a seller or a buyer who is not a client by performing ministerial acts that are not inconsistent with the Broker's duties to the Client. In an individual real estate transaction, if a brokerage firm ("Broker") has a contractual obligation to represent a buyer or a seller ("Client"), then the Broker shall promote the interest of the Client by:

- (a) Performing the terms of their contractual agreement;
- (b) obtaining a transaction at a price and terms acceptable to the Client;
- (c) presenting in a timely manner all written offer or counteroffers to and from the Client;
- (d) disclosing to the Client all material facts related to the property or concerning the transaction of which they have actual knowledge;

(e) accounting for in a timely manner all money and property received in which the Client has or may have an interest.

Seller representation occurs when sellers contract to use the services of their own broker (known as a seller representative) to act on their behalf.

Buyer representation occurs when buyers contract to use the services of their own broker (known as a buyer representative) to act on their behalf.

Dual representation occurs when a buyer and seller in one transaction are represented by the same Broker and the same sales Associate. When the parties agree to dual representation, the ability of the Broker and the Sales Associate to represent either party fully and exclusively is limited. The confidentiality of all information of all clients shall be maintained as above.

Designated representation occurs when a buyer and seller in one transaction are represented by different Sales Associates affiliated with the same Broker. Each of these Sales Associates, known as a Designated Representative, represents fully the interests of a different client in the same transaction. Designated Representatives are not dual representatives if each represents only the buyer or only the seller in a specific real estate transaction. Except for disclosure of confidential information to the Broker, each Designated Representative is bound by the confidentiality requirements as above. The Broker remains a dual representative.

5) SCOPE OF REPRESENTATION: The Buyer's Real Estate Agent and Broker agree to exercise reasonable efforts to achieve the purpose of the agency relationship as agreed upon in the Buyer Broker Representation Agreement. Buyer, Real Estate Agent and Broker agree that the scope of the Real Estate and Broker's representation of the Buyer is limited by the terms of this additional disclosure and is made a part of the Buyer Broker Representation Agreement. The Real Estate Agent and Broker shall not have the duty or responsibility to perform the following: (1) decide the purchase price of the subject property; (2) guarantee the condition of the subject property; (3) have responsibility or liability for defects that are not known to the Real Estate Agent or (The agent may provide comparable sales data to assist you in making your pricing decisions) Broker and are not observable by a reasonably diligent visual inspection of accessible areas of the subject property; (4) verify, inspect, guarantee or warrant the repairs performed by or at the instruction of the Seller; (5) identify property boundary lines or verify lot size or square footage; (6) verify inspection reports and representations of others, including, but not limited to termite or pest control inspectors or their clearance forms, contractors, home inspectors, soils or other engineers, and any other inspections or representations made by others concerning the condition of the subject property; (7) provide legal or tax advice; (8) inspect areas off the site of the subject property; (9) obtain, review or verify permits, or determine property value; (Note: Property values are determined by many factors including among other factors-the sale price as agreed between a willing buyer and a willing seller, or an appraisal paid by a buyer or a value on which a lender will loan etc) (10) inspect public records concerning the title or use of the subject property or nearby properties or of the size or type of sewage disposal systems; (11) investigate or advise on soil stability, geologic conditions, drainage, hazardous substances, structural conditions of improvements, or the condition of the roof, heating, air conditioning, plumbing, electrical, well, sewer, septic, waste disposal or any other systems; (12) provide any advice or information that exceeds the knowledge, education and experience required to obtain a real estate license.

6) VIRGINIA LEGAL REQUIREMENTS: Virginia law states (check your attorney) that in order to be enforceable, all contracts for real property must be in writing. There is a recommended contract form that can be shown to you and that may be modified in any way to accommodate your specific needs. You have the opportunity to consult legal counsel concerning the contract or related documents as well as any other questions you may have about the various laws concerning real estate transfers that are referenced in the suggested contract forms. Confidentiality of offering terms: Terms in your offer to purchase are not

considered confidential and may be disclosed to any third party by the seller or sellers' agents. In the event that you want the terms to remain confidential, you need to ask your attorney to prepare a confidentiality agreement for the seller to sign prior to submitting your offer.

6a) CONTRACT: EARNEST MONEY DEPOSIT: Some loan programs (i.e. FHA loans) or lenders may require proof that the earnest money deposit that you gave an escrow holder when signing your contract has actually been deposited and paid by your bank. Ask your lender if this will be required. As soon as your check has been paid by your bank, obtain a copy for your file and give a copy to your loan officer and your settlement company. This will avoid last minute closing glitches.

6b) OFFERS: Realtors are obligated to present all offers to the seller or the seller's agent if the seller is represented by an agent. Offers may be oral or written....but, oral offers may not be enforceable. Written offers present the best chance of getting accepted by the seller as he sees all terms at one time in writing and he can thus respond in writing. Oral offers can also become confusing if not set down in writing. The order in which offers are presented is not an indicator of which offer is acceptable to the seller. An offer will generally be chosen that gives the seller the highest net sales price with terms and conditions the seller likes the most. A seller does not have to respond to an offer even if the offer matches or exceeds the advertised price and terms. In a market where multiple offers are prevalent or where properties are getting lots of showings, we usually suggest that you initially make the highest and best offer as there may not be a second chance. ALWAYS have a lender approval letter and/or proof of funds when making an offer. Sellers usually do not give much credence to offers without these critical documents. If an item of personal property or warranties etc are being offered in the listing, be sure you include them in the offer or the seller will not be obligated to provide them after contract acceptance. Unless there has been a Confidentiality Agreement signed prior to your offer being presented to the seller, there is no duty of confidentiality that the seller or listing agent has to the buyers to keep the terms of your offer confidential.

7) MORTGAGE FINANCING: Mortgage rates and associated charges vary with financial institutions and the marketplace. Purchasers have the opportunity to select the lender and to negotiate terms and conditions of the loan. Such terms may be subject to seller's approval and lender's requirements. Borrowers also will be required to obtain a lender's title insurance policy. Purchasers may wish to obtain owner's title insurance coverage and may consult an attorney concerning this choice.

8) PRESENCE OF ELECTRO-MAGNETIC FIELDS: If overhead power lines exist near the property being considered, buyers should be aware that some experts believe that the presence of overhead power lines and Electro Magnetic Fields (EMF's) associated with power lines may present a variety of health risks. Other experts do not feel that overhead power lines and EMF's are causally linked to any conclusive health problems. In addition, among experts who believe that the power lines and EMF's present a health risk, there is a lack of agreement among experts as to how close in proximity the power lines need to be to present potential health risks. The Real Agent and Broker are not experts in these matters and are not representing to the buyers one way or the other whether power lines and EMF's cause health problems but are simply confirming that the buyers have been advised about the issues involving the presence of power lines in proximity to the property and the potential that these power lines may present health risks. The Real Estate Agent and Broker are also confirming that they have explained to the buyer's that the presence of the power lines could decrease the value of the property to future buyers. Buyers should conduct their own research by contacting the power company or an environmental engineer before proceeding with the purchase. Purchasers are advised to do your own due diligence in regard to the two largest power lines that affect the Shenandoah Valley

9) BEDROOM LOCATIONS AND RELATED SAFETY ISSUES: Some homes may be listed in the MLS System or in agent marketing materials as having rooms that are being used as bedrooms in the lower levels, basements, attics or other areas of the structures on the property that may not have a direct exterior access without having to pass through other areas of the building to safely exit. Some of these rooms may not have windows, or may have windows that are too small to exit, thus possibly trapping the occupants. In

the event of an emergency, egress from these types of rooms may not be possible and serious injury or death may occur. Do not use these type rooms as bedrooms.

10) MLS SYSTEM/MRIS: Information contained in the MLS Listings or the public records in connection with the property are believed to be accurate, but should not be relied upon without you independently verifying all information contained therein or which may be provided to you from the sellers or others either directly or via the Real Estate Agent or Broker. Some of these items may be: Accuracy of square footage, locations of school districts, bus routes, schools, lot size, whether there is or is not public water and sewer or if there is a septic and well, number of bedrooms (sometimes listed with more bedrooms then septic system is permitted for...allow for study period so you can check health department records to be sure) and/or ANY other information in the listings and/or public records are not guaranteed by the Real Estate Agent or Broker. Neither the listing agent nor the buyer agent has measured the square footage of the property. Any measurements shown in the MLS may have been auto-generated by the MLS system from the public records, or may have been provided by the sellers. The data may have been pulled from the public records of the jurisdiction in which the property is located by the MLS software. Often this data is inaccurate. Measurements that may be shown are estimates for marketing purposes only and may not be exact and is not for loan, valuation or other purpose. If exact square footage is a concern, you should have it independently measured by your own contractor or your appraiser. Any independent measurement or investigation must be completed prior to the date of the home inspection contingency deadline stated in the contract.

If any information in the MLS system or in other documents supplied to you by anyone in connection with the transaction is important to you, you must obtain your own independent verification as to its accuracy. Neither the Broker nor the agents shall be responsible for any typographical errors, misinformation or misprints in the property listings or public record, maps, tax assessor tax maps or aerial photos appearing in the MLS system, on the internet or in any type of materials whether printed or online or in any form. The MLS listings may be modified by the seller and their Real Estate Agents and Broker at any time without any prior notice. Be sure you list in the contract any items of personal property that were shown in the listing, otherwise, the seller is not obligated to convey these items. If there are other items not in the listing that you want to ask for, be sure they are also contained in the contract. We also suggest that you take photos of any of these items when you first visit the home to be sure they are the same items that are ultimately conveyed.

Pricing and terms in a listing are an invitation to make an offer and sellers are under no obligation to sell at the listed price or under any of the terms and conditions the sellers may have advertised. The contract for the purchase of real property supersedes the terms of the posted listing. Any items in the listing of importance to the buyers or which the buyers want included in the transaction **MUST** be included in the contract as previously noted, or, the seller will be under no obligation to provide those items or agree to those terms after the contract is ratified/accepted.

REMINDER: Be sure you do your due diligence to determine if the property you are buying is served by well/septic, or public water/sewer regardless of the type of system that may be described in the MLS. Sometimes, even the seller is unaware that the property is on a septic system. It may have been described to them in a previous transaction that the property was served by public sewer, when in fact it's on a private septic system. Doing a video inspection of the lines to ensure that they are not obstructed and appear to be working satisfactorily is strongly recommended and it will help determine if there is an onsite septic, or if the home is connected to public sewer. As an example, there are still numerous homes within the Winchester City limits and in Middletown or Stephens City or other areas that are on public water, but are still on septic systems. There are also homes in some areas that were originally built as vacation cabins that were intended for intermittent use, but over the years, this 'permitted' usage has been lost in the records and persons are now occupying them on a fulltime basis....a usage that may cause the septic system to fail....which is another reason that you should check the health department records to determine the type

septic that was approved or which may have been installed. More information on septic system inspections is included elsewhere in this document.

11) SURFACE WATER IMPOUNDMENTS/VERMIN/NUISANCES/ADJACENT AND/OR NEARBY PROPERTIES: You should be wary of ponds or lakes of any kind and you should be especially cautious about artificial storm water retention ponds typically located in many subdivisions. These bodies of temporary or permanent waters are usually supplied by storm water runoff and they can contain harmful levels of bacteria or collect oil and gasoline, hydrocarbons, insecticides, pesticides, herbicides, etc. or many kinds of nasty, foul smelling and/or dangerous chemicals, heavy metals from brake linings and insects or other living and /or dead organisms and/or vermin that may cause sickness or death. These waterways shouldn't be fished in, they shouldn't be waded in or touched, they should be left alone and they may dry up and become ugly eyesores. Other types of bodies of water, lakes, ponds, streams, rivers or any kind of waterway or drainage way may also contain similar hazards. You should be aware that adjacent or nearby properties containing open areas, farms, woodlands, lakes, rivers, streams or other homes or structures may be the source of wild or domestic animals, vermin or insects, pesticides or chemicals etc. Some of these may be dangerous to your health. Farm animals and farms, farming operations or orchards may also be the source of noxious odors and/or chemicals, ie.....current or former orchards where chemicals are sprayed onto trees may have caused nearby water well or property contamination from these chemicals or other types of sprays. Since sellers will not be making any representations with respect to adjacent or nearby properties, you may want to exercise whatever due diligence you deem necessary with respect to adjacent and/or nearby properties prior to settlement. NOTE: A property house location survey will indicate if any portion of the property is in a flood zone from a nearby body of water or bodies of water within the property lines. See also the Property Disclosure form provide by Virginia sellers regarding detention ponds on their land.

12) NEW HOME CONSTRUCTION SITES/CONTRACT NEGOTIATIONS: New home construction sites may be very hazardous and should be approached only with extreme caution. You are agreeing that the real estate agents, Brokers and/or sellers will not be responsible for any injuries caused to you or your invitees accessing a construction site. Many new home builders will not allow your agent to negotiate the builder's contract documents.....it is suggested that under these circumstances, you should have your own legal counsel review the builder documents. Most new home builders will only permit your agent to introduce you to the builder, after which the builder assumes all rights to negotiate the contract and arrange financing and settlement. Generally, your agent will be left out of the loop by the builder. Such builders may offer incentives for you to choose their mortgage and settlement service providers. Sometimes the builder will allow your agent to attend the settlement. Discuss this with your agent before dealing with new home builders so that you're comfortable with the process and with your agent's role. You should advise the builder that you are represented by your own buyer agent whom you want to be kept up to date by the builder through closing.

13) AIR CONDITIONERS; DISCLOSURE FOR "13 SEER" REQUIREMENTS: As of January 23, 2006, the United States Department of Energy requires central air conditioners and heat pumps to meet an efficiency rating of 13 SEER or above. Most systems installed in homes prior to this date are rated at an 8 to 10 SEER. If the central air conditioner or heat pump, or any of the component parts, need to be replaced after January 23, 2006, the central air conditioner or heat pump system must be replaced with 13 SEER rated equipment. 13 SEER rated equipment may be much larger and heavier than the equipment that is being replaced. Such replacement may require substantial and costly modifications to the coil, gas lines, line sets, valves, transitions, plenum, electrical, pads, stands and/or other components. Real Estate Agents and Brokers cannot and will not verify the SEER rating of central air conditioners or heat pumps that are currently installed in any property. The Buyer(s) is advised to verify the SEER rating of the central air conditioning or heat pump system(s) of the subject property through the home inspector or other professional. You are further advised to inquire of the Home Warranty Company selected by the you, if 13 SEER rated replacement equipment may be included in the Home Warranty. Note: See the Home

Inspection section relating to AC inspections in colder weather and the possible need to escrow funds till warm weather allows for a more accurate inspection after closing.

14) HOMEOWNERS/HAZARD INSURANCE: The lender will require you to buy a hazard insurance policy from the insurance company of your choice but subject to the lender's approval. You should be aware that many factors affect the availability and cost of hazard insurance on the Premises. Depending on the insurance company, these factors may include past insurance claims filed on the Premises, past insurance claims filed by you and they will check your credit history. In addition, flood insurance may be required on certain property. You should contact an insurance agent at the earliest opportunity to arrange for hazard insurance and if necessary, flood insurance on the property. The insurance industry is facing a homeowner's insurance crisis. A home that is covered by homeowners insurance today may not be insurable from the same insurance company or any other insurance company at the close of escrow. If an insurance company does offer coverage it may not be at the same premium or terms as the expiring premium and/or the coverage provided by the insurance policy may not be the same as the expiring policy.

Most insurance companies offering homeowners insurance are using the services of the Comprehensive Loss Underwriting Exchange or CLUE report. This report is being used in underwriting not only the specific property but also the buyer of the property. You can ask the seller to get his CLUE report and provide it to you as a contingency in the contract. You can also have a contingency concerning the maximum price you're will to pay for premiums and to void the contract in the event that any of these matters affect you in a negative way. Insurers may deem the buyer or the property uninsurable based on the information in this report, or other underwriting guidelines.

Buyer(s) are advised not to assume that the property is insurable or that the premium that the seller is paying for homeowners insurance will be the premium that the new buyer will be paying. As early as possible in the transaction, the buyer is advised to seek homeowner's insurance coverage on the home to be purchased. Real Estate Agents and Brokers are not qualified to advise on any type of insurance. Buyer(s) acknowledge that they have been informed that it is their responsibility to obtain homeowners insurance on the home they are purchasing and that they have not relied on any representations, express or implied, made by the real estate agents or brokers as to the availability of homeowners insurance coverage.

15) PET URINE, STAINS AND ODORS: If household pets have been located or have been maintained on the property, or if previous owners have maintained other animals on the property, there may be odors or stains caused by these animals or pets. Stains made by animals or pets are not always detectible by a visual inspection. Moreover, a Termite or Physical inspection may not detect such stains as they may be in the "underlayment" beneath carpeted areas, hardwood floors, linoleum or other floor covering material. In the event that none of the inspections preformed by you on the property disclose any animal stains and/or odors on the property, you are assuming the risk that such stains and/or odors exist and may become apparent in the future. Some of these stains may not be eliminated unless you replace the carpet, flooring and the underlayment.

16) ZONING, PERMITS, MASTER PLANS, POA DOCUMENTS: Prior to execution of a contract, or as a contingency in the contract for a study period, you may review the applicable Master Plan for the appropriate jurisdiction, including maps showing planned land use and proposed or actual parks, roads, or other facilities. (Or include a study period contingency in the contract to allow time for you to evaluate these issues, or contact the various government agencies) These can be found at the planning offices of various jurisdictions and at some local libraries. Whether permits, building code compliance, and/or zoning clearances were obtained for the construction of any improvements, alterations, modifications or remodeling of the subject Property is unknown to the agent and broker. Whether such construction was performed by the present or previous owner(s) and whether performed by a licensed or unlicensed contractor is unknown to the agents or brokers.

You are advised to investigate these matters. Permits, certificates of occupancy and building code violations may be obtained by a search of the public records at the Department of Building Safety (or similar entity of the applicable municipality) or from an inspection service company that provides such information for a fee.

If there are any structural additions or changes on the Property for which a permit or certificate of occupancy was not obtained or which are not in compliance with applicable codes and other laws, you may be required to incur expenses after settlement to bring the Property up to current codes and other applicable laws, or to demolish the subject additions. Broker and Agent make no representations as to any permits or certificates of occupancy for the Property, regardless of whether provided by the Department of Building and Safety (or similar entity) or another source. Broker and Agent are not qualified to interpret or explain permits, building codes, uses or certificates of occupancy. You should consult with your own inspectors or other professional advisors and appropriate governmental authorities regarding permits, building code compliance, and/or zoning clearances.

In addition, Virginia law requires sellers of certain types of residential property to provide a "POA Packet," supplied to the seller, at the sellers' cost, by the subdivision that includes particulars about the community and the home---where there is community oversight over architectural issues such as paint, decks, fences etc, be sure to READ THESE DOCUMENTS CAREFULLY to assure there are no hidden surprises. By example, you don't want to find out after closing that your deck was not approved by the community and they want it removed or modified. Make sure that the dues or any association fees have been paid.

17) MINERAL RIGHTS: Do you know if someone else owns the mineral rights under the land you are buying. There are many parcels in this region where the mineral rights are not conveyed or the property is subject to leases allowing for the extraction of oil, gas, coal or other minerals.....don't be surprised; make sure your settlement agent or attorney confirms that ALL mineral rights convey to you and that the property is NOT subject to any mineral leases of any kind.

18) HEATING OIL AND GAS ETC: Unless otherwise provided, most contract forms generally used in the area provide that the buyers pay for any heating oil or propane gas (etc) remaining in the tank(s) at closing at the then current rates. Check your contract form to see how this clause reads.

19) FLOOD HAZARD AREAS & FLOOD INSURANCE: Property damage nationwide from flooding totals over \$1 billion dollars every year. Individuals and business owners can protect themselves from flood losses by purchasing flood insurance from most insurance companies, the premiums of which are regulated through FEMA's National Flood Insurance Program (NFIP). Typical homeowner's insurance policies do not contain flood insurance coverage. To assess whether or not a property is located in a Special Flood Hazard Area (SFHA), the mortgage lender will order a flood certification letter. If a property is within a SFHA, an Elevation Certificate will be required as part of the survey. If a property is found to be within the boundaries of elevation zones A or V, mandatory flood insurance purchase requirements apply. Although flood insurance is not required by some lenders or a purchaser may elect to purchase it on their own. For some buyers the additional cost of the Elevation Certificate and monthly flood insurance premium could affect the buyer's qualification. Buyers should consider contacting the local city planning department of FEMA at 1-800-480-2520 or visit FEMA's website www.FEMA.gov for a determination.

20) MECHANICS LIENS: Virginia law (§43-1 et seq.) permits persons who have performed labor or furnished materials for the construction, removal, repair or improvement of any building or structure to file a lien against the property. This lien may be filed at any time after the work is commenced or the material is furnished, but not later than the earlier of (i) ninety (90) days from the last day of the month in which the lienor last performed work or furnished materials or (ii) ninety (90) days from the time the construction, removal, repair or improvement is terminated. AN EFFECTIVE LIEN FOR WORK PERFORMED PRIOR

TO THE DATE OF SETTLEMENT MAY BE FILED AFTER SETTLEMENT. LEGAL COUNSEL SHOULD BE SOUGHT.

21) OCCUPANCY PERMIT AND HISTORICAL DISTRICT PROGRAMS: Several municipalities have implemented occupancy permit and historical district programs which may require compliance with the program upon sale and/or rental of property. An occupancy permit program may require the owner of real property subject to such programs to make certain repairs upon sale and/or rental of property. An historical district program may require the owner of real property to a review board for approval. Each municipality will be able to advise you as to whether the property you are interested in is subject to an occupancy permit and/or historical district program and the conditions and requirements of the program.

22) CONDOMINIUM RESALE/CO-OP DISCLOSURE: (i) Some properties may be recorded as a condominium unit and subject to the Virginia Condominium Act. This Act requires sellers to furnish the unit owner's association bylaws, as amended, and certain financial and other disclosures to the buyer. (ii) The Virginia Real Estate Cooperative Act requires that the owner of the cooperative interest subject to the provision of such Act provide to the buyer of the cooperative interest certain information more particularly described in Section 55-484 of the Code of Virginia of 1950, as amended.

23) SCHOOL REDISTRICTING: All properties may be subject to school redistricting. You should contact the local school board to ascertain which school districts are assigned to your property.

24) WATER CONSERVATION ORDINANCE/RESTRICTIONS: (a) Some municipalities may have ordinance which (i) prohibit connection to the existing public water system as part of restrictions on growth, (ii) restrict use of water for certain purposes or (iii) require an owner to connect to the public water system upon the occurrence of certain events. Buyer should investigate to ascertain if the property is in a municipality with water requirements or restrictions. (b) Buyer may also wish to investigate the quality of water supplied by the municipality in which buyer intends to locate. Information related to water quality may be obtained by contacting the municipality directly.

25) WATER FRONTAGE AND RIGHTS: Buyer should be advised that there are various issues which arise when acquiring real property that is adjacent to, or includes portions of, lakes, rivers and oceans. While a property may be adjacent to such bodies of water, access to such bodies of water may be limited by applicable laws and ordinances, in addition to property rights of others. Additionally, construction of piers, docks, bulkheads, landscaping and any other home improvements may be regulated by state, local and federal laws and regulations. A buyer should consult with an attorney to understand and evaluate various rights with respect to lakes, rivers and the ocean shutting or part of the property being acquired.

26) ENVIRONMENTAL DISCLOSURE: The use and development opportunities may be limited and health risks may be associated with certain properties if those properties, in their past or present condition are or were covered by the Chesapeake Bay Preservation Act, the Clean Water Act, the Comprehensive Environmental Response, Compensation and Liability Act, the Virginia Water Control Act, or any other federal, state or local law, regulation or ordinance concerning health, safety or the environment, including but not limited to those laws, regulations and ordinances concerned with (1) radon gas; (2) asbestos; (3) underground storage tanks; (4) aboveground storage tanks; (5) urea formaldehyde; (6) lead-based paint; and (7) electromagnetic fields, (8) landfills/dump sites. Information is available at the Department of Environmental Quality at www.deq.virginia.gov. Also refer to paragraph concerning EIFS siding.

26a) CHINESE DRYWALL: There has been increasing concern that some homes constructed during the time period of about 2001-2008 may contain toxic Chinese made drywall that can corrode pipes, electrical wiring etc. Go to the Consumer Product Safety Commission (CPSC) website for details and to learn how to spot the drywall product. <http://www.cpsc.gov/info/drywall/index.html>

26b) WOOD PRESERVATIVES: The United States Environmental Protection Agency advises that certain wood preservatives used on decks and/or exterior wood structures may have the potential to cause adverse health effects or symptoms. A buyer may want to take steps to evaluate the presence of materials which might contain wood preservatives prior to purchase.

27) LEASES/MANAGEMENT AGREEMENTS: Buyers considering the purchase of properties with existing tenants are advised to inquire about the existence and terms of any current property management agreement, leases and security deposits.

28) SETTLEMENT FIRMS/TITLE INSURANCE: Settlement firms are generally chosen by the buyer. Most real estate settlement firms (either a title company or attorney) will often handle both the buyer and seller sides of the transaction as well as the lenders documents, but, they then do not usually individually represent either the buyer or the seller in that specific transaction, except under specific circumstances.

Therefore, if you choose a real estate attorney or your personal attorney to handle the settlement, he/she may not then be able to fully represent you individually on any legal issues involving that specific transaction. Exception: You can use your own attorney under certain circumstances as long as the attorney is acting solely for you and is not acting on behalf of the "settlement or the seller." Each side will then use their own closing services. Please discuss this with your settlement agent/attorney when you begin to make arrangements for your closing.

Ask your attorney about the different types of Title Insurance.....lenders, Owners and Enhanced Owners Title that may benefit you and help protect your interests to the title to your property. Your agent recommends that you to obtain an Owners Title Insurance Policy as an added protection to you and your heirs against unknown title defects as described in the policy. Ask your settlement agent to immediately order the title search to avoid any last minute title issues

29) POSSESSION OF THE PROPERTY: Sellers are not obligated to deliver possession and the keys for the property to you until closing has been finalized.....final settlement for the closing usually occurs when the sellers funds are available to the seller.....funds are made available after the deed of conveyance has been recorded. As described by legal counsel for the Virginia Association of Realtors, *".....every contract I have ever seen provides that possession is to be given at closing or settlement of the contract of purchase. Closing between buyer and seller typically does not occur until the buyer has released the deed from escrow and put it to record, thereby entitling the buyer to accept the loan proceeds and pay the seller the purchase price."*

In essence, no money for the seller, no keys for the buyer. You should plan to arrange your closings and move-in dates such that cleared funds from you and your lender are delivered to the settlement agent prior to 2 pm, otherwise the deed cannot be recorded that same day. Some jurisdictions still can take a couple of days to record. Until the deed is recorded, the lender can still withdraw the loan proceeds and cancel the sale. Some lenders also require the closing docs be returned to the them for verification prior to recording. That may cause you additional delays in getting the keys and possession. Be prepared for these situations and plan accordingly with moving companies and/or arranging for interim living space.

30) NO VERIFICATION BY BROKERS OR AGENTS: The Brokers, the Listing Agents and the Selling Agents hereby inform you that Brokers/agents have not and will not verify the accuracy of the information or representations about the property provided by the Seller or any other source. Buyer(s) shall not rely on Brokers, the Listing Agent or Selling Agent for information regarding any of these representations. Brokers/agents make no representations of any kind, express or implied, regarding information or representations made by the Seller or any other source. Brokers/agents are not parties to the purchase agreement.

31) HOMEBUYER WARRANTY: It is suggested that you consider obtaining a home buyer warranty. In some instances, warranties are offered by the seller. If not, your agent can provide you with brochures and warranty application forms from various firms offering warranty services. Warranties generally protect you from many unexpected repairs resulting from mechanical breakdowns of covered major systems. Coverage may save you money by reducing your out of pocket costs for covered repairs. Review each policy for specific coverage and decide if you want warranty coverage. This should be accomplished before closing. Unless otherwise agreed to, it is assumed that you are waiving your right to obtain a homebuyer warranty policy. See separate form to request the warranty. This is a different kind of policy than your "Hazard" Insurance.

32) SEXUAL OFFENDERS/PREDATORS: You should also exercise whatever due diligence you deem necessary with respect to information on any sexual offenders registered under Chapter 23 (§19.2 - 387 et. seq.) of Title 19.2. Such information may be obtained by contacting your local police department or the Department of State Police, Central Criminal Records Exchange, at 804-674-2000 or www.state.va.us/vsp/vsp.html or any other website designated for such information by the Police.

33) SUMP PUMPS: Due to high water table issues in some areas of the region, many homes will have, or should have sump pumps in the basement, or along the outside foundation. Proper maintenance is essential and you should have back-up systems in place to avoid flooding in the event that your pump fails or the power goes out. Contact a professional about these systems.

34) SPECIAL ASSESSMENTS: Some private subdivisions have the power to levy special assessments to cover extraordinary expenses of the community. These amounts are levied against each property owner and can add up to thousands of dollars. Lake Holiday Estates for example has levied against property owners for roads, utility and there is a special assessment to cover the costs of making repairs to the spillway for the lake. If paying these special fees is an important issue for you, you are advised to do your due diligence and confirm what if any assessments are currently known and what your liability may be in the future. You may also want to consult with legal counsel in this regard before making a Lake Holiday purchase. By completing a purchase in Lake Holiday, you are confirming that you are aware of the potential for special assessments in unknown future amounts as well as the initial Capital expense at closing of about \$2000+.

35) HISTORIC HOMES AND/OR OLDER HOMES: The one important adage to remember is that you are not buying a new or newer home so do not expect the owner to create a newer home for you. Older homes can be money pits. Sellers will not remodel or update systems to new codes for you. Older homes have a richness of character not often seen in new homes, but you should be aware of a few other facts when purchasing an old or historic home. They usually require a higher level of continuing maintenance...such as: painting metal rooves, or maintaining older wood siding, windows, openings, electrical, plumbing and HVAC systems etc. Many of these home have asbestos wrapped pipes that you may want to stabilize or remove at a future date. Consider getting advice from an environmental consultant. Old plaster walls may be cracking and will need patching or repair at some point in the future. Systems are generally older...pipes, electric, HVAC, etc and are necessarily more prone to needing repairs, insurance costs may be higher due to the age, some homes in a designated historic district may require special permits or approvals to make exterior changes or to sell them at a future date. Old windows may need special care, wood siding may need to be replaced. How well the home is insulated may be an issue. Some may lack insulation. Some designated historic homes may require a first right of refusal when you are selling to allow a designated historic organization an opportunity to first purchase the property.

Check previous utility costs. Sellers may not update systems to current codes if they were Ok at initial installation, so do not expect this when doing your inspections. You are buying an older property so do not expect to find the same amenities as in a newer home. As part of the inspection process, you may want an experienced remodeling contractor to give you some advance idea of projects and costs that you may incur

in the future. Part of the charm of an older home is the remodeling that you'll want to do over time to make it more like what you'd want in a home. Take advantage of home buyer warranty plans to help cover some repair expenses to certain systems. While you will enjoy the rich historical heritage of an older home, just use some common sense and have realistic expectations when making this type of purchase. See notes above in reference to the *new stringent 2010 lead paint removal rules and check it out on the EPA website* before making a purchase. These new rules will require major and costly changes to how remodeling is priced and completed. Check this out carefully.

36) SHORT SALES, FORECLOSURES, REO PROPERTIES: There is an information sheet prepared by the Virginia Association of Realtors that better describes short sales and what you need to know before buying a home of this type that your REALTOR will provide you. It is very important that you carefully read these forms and ask questions. You will also be given a Short Sale Addendum to add to your offer to purchase.

NOTE: An extra cautionary note about foreclosed/bank owned properties & short sales. They are sold strictly "AS IS." Although many banks will allow home inspections, they will not make repairs and you may be required to arrange at your expense to have the utilities turned on, then back off and the home re-winterized. Costs can vary, but figure that a minimum of \$200-\$500 should be set aside. Also note that some banks may require that the home must be purchased regardless of what issues are discovered during your due diligence inspections. The old saying "What you see is what you get," must have an additional caution. "What you don't see, is what you get." These homes often contain mold, wet basements, damaged appliances and heating/HVAC systems and many suffer from vandalism, structural destruction, destroyed floors etc. While you may get some great deals, use extreme caution. You will have to fend for yourself in discovering defects of the property or other damages left by the previous owners. **WARNING:** Be advised that after you sign a contract, thieves may strike this vacant home (such as foreclosures, REO's etc) and remove appliances, fixtures, wiring, HVAC systems, other major systems and you are expected to accept the 'as is' condition anyway and go to closing. Any costs of such thefts are strictly yours.

READ CAREFULLY all the lender provided addenda as these documents will often negate the terms of your original agent provided offer. Some REO lenders/owners will not make any repairs required by your lender to get your loan. Some REO banks will also require you to pay a RE-KEY fee at closing so they can re-key all the exterior locks. If there is too much damage, consider alternate types of loans such as a construction loan, or an FHA loan that provides funds for repairs that are escrowed after settlement. Be aware that foreclosures and especially short sales can often take months to obtain an answer from the lender about your offer and get to closing. Waiting 4-9 months for a lender response on a short sale property is fairly common. Be sure you have alternative housing (such as a hotel) in the event the transaction takes longer than anticipated. This may also cause a loss of a loan rate lock, so confirm with your lender what you need to do to extend the lock beyond your initial rate lock. Buyer premiums for brokerage fees are often added to the price offered. We have also provided you with the VAR form describing short sales and what to look out for. Still, you may consider a distressed sale as a good buy, even if you must make thousands of dollars in repairs with the property still being below normal market value.

Do you want your short sale offer to succeed? Listen to your REALTOR'S advice and plan the purchase as though you are a cash investor buyer. Keep contingencies at a minimum....do your home inspection before making an offer or before submission of the contract to the sellers' lender....be sure your financing commitment is based on the date the contract is accepted by the seller, not after the lender approves the contract. There may be other tips that your REALTOR will provide to give you the best chance of getting approval and going to settlement. Remember that banks may not give your agent a status update for many, many weeks after contract submission. Be prepared for extensive time frames to hear back. If time is critical, or you are not the patient type, consider a different style of home purchase instead of a short sale.

SPECIAL NOTICE ABOUT HUD HOMES, ADDITIONAL WARNING ABOUT AS IS SALES::
THEY ARE FHA FORECLOSED HOMES OWNED BY DEPARTMENT OF HOUSING AND URBAN

DEVELOPMENT AND ARE OFTEN PRICED AT THEIR FHA APPRAISED VALUE. IF YOU OFFER MORE THAN THAT PRICE, YOU MAY BE REQUIRED TO PAY THE DIFFERENCE IN CASH AT SETTLEMENT. THAT PORTION OF THE SALE PRICE MAY NOT BE FINANCED.

SOME PROPERTIES ARE STRICTLY SOLD “AS IS”. THERE WILL BE NO WARRANTIES OR GUARANTIES BY THE SELLERS AND THEY USUALLY WILL NOT MAKE REPAIRS. OLD HOMES, ESTATE SALES, SHORT SALES, FORECLOSED AND/OR BANK OWNED PROPERTIES ARE SOME OF THE TYPICAL “AS IS” TYPE PROPERTIES. WHEN BUYING THESE HOMES, YOU MUST BE EVEN MORE ALERT & DILIGENT AS TO POSSIBLE HIDDEN DEFECTS. PERFORM EXTRA DUE DILLIGENCE. BE EXTRA CAUTIOUS ABOUT THE POSSIBLE PRESENCE OF MOLD, ASBESTOS, LEAD PAINT, BURIED TANKS OR OTHER SIMILAR ENVIRONMENTAL ISSUES!

INSPECTIONS

We recommend that you do your own due diligence to satisfy any concerns you may have as to the condition of the property prior to settlement. In order to accomplish this, you are being urged to employ competent, certified, expert and/or licensed professionals to perform inspections of any and all conditions of the Property that are important for you to check. Inspections must be written into the sales contract. Following are some of the inspections we suggest be written into the contract.

You may have received a list of various inspectors as requested, but you should evaluate the qualifications and experience of these inspectors to your satisfaction, before selecting one. Neither the Broker nor the agent recommends any one inspector over another. You can select any inspector or contractor you wish, whether the inspector is included on the list or not. The agent does not guarantee or warrantee the work performed by any of the inspection companies or individuals on the list. There may be other inspections that you may want to make and it's up to you to determine what inspections you feel are important or necessary to you in your sole discretion. The following types of inspections, as well as inspections that may be noted in previous pages have been reviewed and recommended to you as evidenced by your signature hereafter.

Home inspectors are somewhat limited in examining interiors of systems or components, so you should consider contracting with specialized professionals/trades people/HVAC contractors/engineers, etc., to do a more thorough examination on HVAC (heating and AC) systems or components, water/ septic systems or structural systems, asbestos wrapped pipes/fixtures, sump pumps etc, especially in older homes...ie, interior examination of furnaces to check for problems such cracked heat exchangers, leaking carbon monoxide or other safety related issues etc.

If you're buying an older home with systems and features not already updated to current codes, the home inspection may not be the vehicle to request the seller to make changes...read the home inspection carefully as it does not require the seller to bring previously approved or grandfathered systems into current code compliance.

Such items as polybutelene pipes, asbestos wrapped pipes, lead, old windows, pipes, wires etc should be noted on the original contract if you want it removed by the seller. That may be the only opportunity you have to ask for changes or request monetary credits to make renovations/repairs your self.

A) PHYSICAL INSPECTIONS. In purchasing a home, you are making a financial commitment to one of the largest investments you may ever make. Most people do not have the education, experience and training to identifying problems and potential problems in the homes they are purchasing. A professional home inspection may reveal these problems. When you compare the small investment in a home inspection with the investment you are making in the property, can you afford to not have a professional home inspection? Here are some of the areas that home inspectors look at: Structural: Certain areas of the home

to determine the integrity of the essential internal and external structural components. Home inspectors are not structural engineers but can identify visual defects in these areas. Electrical: Do the outlets all work? Does the house use fuses or is there a breaker box? Are there any visible signs of fraying on the wiring? Etc. Plumbing: Are there any leaks or any drips? Are all the mechanical systems and fixtures working properly?

NOTE: If the inspection is being conducted in colder weather, it may not be possible to adequately test the AC systems...as a result, the buyer may want to request the escrow of an appropriate amount of funds after closing until warmer weather allows for a proper inspection to cover any costs to repair or replace the AC. Note though that few sellers will want settlement proceeds held for months at a time. **Built-In Appliances:** Are they functioning properly? **Miscellaneous:** Some items may or may not be included in a standard home inspection. Some of these items may be: Furnace interiors, septic systems, roofs, drainage, wood decks or other exterior structures. Be sure to verify which, if any, of these items are included in your home inspection. Ask the inspector if he/she checks for the presence of bats or similar vermin which are not checked by pest inspectors. **Not Included:** Termite, geological or land subsidence surveys and environmental or pollution inspections which should be completed separately for your own protection. In summary, this inspection may reveal unknown conditions. This is a visual inspection. The inspector does not look behind walls or under carpets or take equipment apart. However, a professional inspector is trained to seek out certain conditions, which may reveal aspects of the physical condition of the Property not recognized by the untrained eye.

It is recommended that you avoid having a friend or relative who happens to be a "handy man" do the inspection rather than using a professional. Most real estate contracts require that only recognized professionals be used. Review the home inspection contract carefully to fully understand the scope of the inspection. Some inspections may trigger the need for additional tests by qualified professionals. (i.e. engineers) **NOTE:** Building codes are constantly changing so a home inspection is not intended to require sellers to bring older systems into compliance with newer building codes if they satisfied the code in place at some previous time. **NOTE:** Pest/termite inspections are performed by separately licensed inspectors hired by you or the seller. Most real estate contracts provide that the seller engages the inspectors for water, septic and pests. You may want to consider handling this function as one of your costs and choose your own inspector. If you're planning on improving the property, enlarging or changing existing improvements, adding improvements (i.e., pool, deck, patio, fences, shed etc), that you make it a contingency of the contract to allow you time to check the local governing bodies for permissible uses and what may be required to obtain the appropriate permits.....especially if it's outside any building restriction lines

B) OTHER PROPERTY CONDITION AND ENVIRONMENTAL MATTERS: Various inspection services and home warranty insurance programs are available and you have the option to include in them in your offer to purchase. A contingency to allow you to employ one or more experts of your choice at your expense to inspect the property and provide you with an analysis of its condition. Purchasers normally may also conduct a pre-settlement or pre-occupancy "walk-through" inspection of the property, but this inspection may be limited by the terms of the contract. REALTORS® do not have the expertise to advise concerning various conditions including but not limited to: major systems or structures; soil conditions; flood hazard areas; mold or air quality (see separate section/disclosure about this issue); possible restrictions on the use of the property due to restrictive covenants, zoning, subdivision or environmental laws, easements or other documents; airport or aircraft noise; planned land uses, roads or highways; including but not limited to construction materials and/or hazardous materials such as flame retardant treated plywood (FRT), radon, urea formaldehyde insulation (UFFI), polybutylene pipes, asbestos, synthetic stucco/EIFS (See paragraph 2 concerning EIFS siding), underground storage tanks or lead-based paint. Information about these issues may be obtained from appropriate governmental agencies such as the United States Environmental Protection Agency (EPA), the Virginia Department of Health, or local planning offices or health departments. If you want to consider a neighborhood environmental assessment see a list of EDR certified inspectors.....call EDR at 800-624-0470.

Only EDR-Certified home inspectors are able to offer the EDR Neighborhood Environmental Report.™ Available for every residential property nationwide, the report draws on the nation's most trusted and complete source of environmental data. What's more, EDR-Certified inspectors are trained to communicate the report's findings to the buyer or seller in a balanced, fact-based way, much like they do with a home inspection. They are also trained to provide follow up direction where necessary-according to their website. www.edrnet.com.

C) NOTICE: ADDITIONAL DISCLOSURE IN REGARD TO INSPECTIONS AND APPRAISALS RELATING TO FHA MORTGAGES VIA THE US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT: (HUD) Why a Buyer Needs a Home Inspection. A home inspection gives the buyer more detailed information about the overall condition of the home prior to purchase. In a home inspection, a qualified inspector takes an in-depth, unbiased look at your potential new home to: evaluate the physical condition: structure, construction, and mechanical systems; identify items that need to be repaired or replaced; and estimate the remaining useful life of the major systems, equipment, structure, and finishes. An appraisal is different from a home inspection. Appraisals are for lenders; home inspections are for buyers. An appraisal is required to: estimate the market value of a house; make sure that the house meets FHA minimum property standards/requirements; and make sure that the house is marketable. **FHA Does Not Guarantee the Value or Condition of your Potential New Home.**

If you find problems with your new home after closing, FHA can not give or lend you money for repairs, and FHA can not buy the home back from you. You understand the importance of getting an independent home inspection. You have considered this before signing a contract with the seller for a home. Furthermore, you have carefully read this notice and fully understand that FHA will not perform a home inspections or guarantee the price or condition of the property. **Radon Gas Testing:** The United States Environmental Protection Agency and the Surgeon General of the United States have recommended that all houses should be tested for radon. For more information on radon testing, call the toll-free National Radon Information Line at 1-800-SOS-Radon or 1-800-767-7236. As with a home inspection, if you decide to test for radon, you may do so before signing your contract, or you may do so after signing the contract as long as your contract states the sale of the home depends on your satisfaction with the results of the radon test. **Be an Informed Buyer:** It is your responsibility to be an informed buyer. Be sure that what you buy is satisfactory in every respect. You have the right to carefully examine your potential new home with a qualified home inspector. You may arrange to do so before signing your contract, or may do so after the sale of the home depends on the inspection, according to FHA. When an FHA mortgage is involved there will be an addendum attached to the contract containing this notice.

D) RADON GAS INSPECTION: An inspection for Radon Gas may also be ordered with the Home Inspection. Radon is a radioactive gas that occurs naturally as a by-product in the decay of uranium, which is found in small amounts in rocks and soil in most parts of the United States. The gas is odorless and colorless. According to the Virginia Department of Health (VDH) guidelines, VDH recommends testing for radon levels in the indoor air of homes. If the indoor air levels of radon exceed 4 pCi/L, (Pico Curies per liter) VDH recommends corrective action by the homeowner to reduce radon levels. Radon levels outdoors, as well as indoors, are naturally high in many areas in the United States, particularly in areas with significant deposits of granite, uranium, shale, and phosphate. It is known to be high in this region. Breathing indoor and outdoor air is the primary route of exposure to radon. Indoors, radon gas usually moves from the ground up and migrates into homes and other buildings through cracks and holes in floors, floor drains, cinder block walls, and foundations. Radon levels can be higher in homes that are well insulated, tightly sealed, or built on uranium- rich soil. If wells are drilled in areas where radon is present in rocks or soil, drinking water can become contaminated which can then release radon gas into the air when the water is used for showering and other household uses. Exposure to radon gas, even at high concentrations, does not have any warning signs or irritating affects and may not cause any immediate or short-term health effects. The primary human health effect associated with long-term exposure to radon

gas is an increase in the incidence of lung cancer, according to VDH. There is a very small risk of stomach cancer from consuming water containing radon, according the VDH. Ask your inspector or VDH, or other government agency about the dangers the news media has exposed about granite countertops from Africa and/or other overseas countries that reportedly release radon from decaying uranium in the granite.

E) PEST, WATER, SEPTIC WALKOVER INSPECTIONS: Pest Inspectors generally handle the termite/pest inspections, the water test and the septic walkover/dye test. It has been traditional in this region for the seller to order and pay for these inspections. However, we suggest that you as the buyer use and pay the small fee for your own inspector. Most charge the neighborhood of \$140-\$170 for all three. FHA loans usually also require a lead test at an additional cost. These inspections are usually ordered after the home inspection has been satisfied and the loan approval letter is in hand.....including the appraisal....Choose one and call your agent to follow-up by arranging for the inspections, handling the paperwork from the inspector and getting the appropriate documents and reports to the closing agent.

Although pest inspectors do a water and septic test, it may not give a true indication of the viability of a septic system, nor does it provide any warranty as to whether it will continue to function as designed, nor does it confirm if there is even a septic system in place. Unless otherwise provided all septic systems and wells are conveyed with the property in a strictly "as is" condition at the time of contract acceptance and the seller provides no warranties of any kind....this sentence may override the contract language and may not merge with the deed. See the separate paragraphs elsewhere in this disclosure document relative to septic inspections.

F) LEAD PAINT: Homes built before 1978 have paint that contains lead. Some lead paint may also be present in homes built after that date. It is recommended that you read the EPA booklet entitled "*Protect Your Family From Lead In Your Home.*" given you by your agent and consider a lead paint inspection. Lead from paint, chips, paint dust, water or other sources can pose serious health hazards if not taken care of properly. Refer to the booklet, or the EPA's website for further detail. New laws in 2010 make it mandatory that if any paint in a pre-1978 home is disturbed by a paid contractor, it is required that the contractor be EPA certified to remove paint that may contain lead. Under certain conditions homeowners may also come under these new rules. NOTICE: Be sure to look at the EPA website for the new rules before committing to the purchase of an older home. Renovations will now be MORE costly.

G) ROOF INSPECTION: This inspection should reveal the present condition of the roof, past or current leaks, and the approximate remaining life of the roof. Often the Home Inspector will notice problems with the roof and will suggest you consult with a roofing contractor or engineer to check it's condition. However, any conditions, past or current, that are not visible to the inspector may not be contained in the inspection report. While the physical inspection may include an inspection of the roof by a professional home inspector, it is recommended that you consider having the roof inspected by a licensed roofing contractor if you have any concerns.

H) MOLD INSPECTION/DISCLOSURE: Mold is a common element in many homes (especially in foreclosed homes that lack normal maintenance or have systems that have been turned off). Along with the inspections you have been advised to perform concerning the physical condition of the subject property, you should also be aware that you have the right to have the property inspected for Mold, Mildew, Spores and Airborne Bacteria. Recently there has been a great interest in the existence or non-existence of different types of mold in homes, apartments and commercial buildings. Some of the different types of mold are defined as Toxic and Non-Toxic. Medical information indicates that some types of Mold may cause health problems in certain human beings. Some types of Mold are not detectable by a visual inspection by Real Estate Agents or by professional home inspectors. A property may have Mold that is hidden from the Real Estate Agents, professional home inspectors and the Seller. The only way to determine if the home you are purchasing contains Mold or other health hazards is to retain an Environmental expert who can perform specific tests to make that determination. If the presence of any Mold or evidence of Water Intrusion or Moisture has been disclosed to you, or spotted by during an

inspection, you should have that condition professionally evaluated. Your agent recommends that every buyer should consider having a Mold or other health hazard tests performed by an environmental expert as part of their right under the purchase agreement to have inspections of the property. This is especially necessary if any of the inspection reports or disclosure documents indicate that there is evidence of past or present moisture, standing water, visible stains or water intrusion on the property. New laws in 2011 in Virginia require state licensing of mold inspectors and remediators or contractors. Check with your state agency.

All inspections, including those to detect mold or other health hazards, should be completed within the time for inspections provided in the purchase agreement. Any waiver or failure on the part of the buyer to complete all appropriate inspections and tests, including those for mold or other health hazards, is against the advice and recommendations of your agent, who cannot verify whether or not there is any health hazard or Mold on the property. Some Home Inspectors are also trained to perform Mold Inspections. Mold may have been removed or covered in the course of cleaning or repairing a property. You acknowledge and agree that if seller or any person employed by seller or any person representing the seller may have cleaned or repaired the property or remediated contaminations. You agree to accept full responsibility/risk for and any matters that may result from said hazards. You will hold harmless and release, and indemnify your buyer agent/broker from any liability/recourse/damages (financial or otherwise). You agree that by closing on the transaction, that you are satisfied with the condition of the property and you have not in any way relied upon the representations of your buyer agent/broker concerning the past or present existence of any hazards in, near or around the property.

I) ENVIRONMENTAL INSPECTION: You can order an environmental inspection report by a qualified expert or environmental engineer. Such inspections may reveal conditions, which may be hazardous to human health. If you spot evidence of any kind of underground tanks or similar potential environmental issues, ask for an inspection. This inspection may also reveal mold, mildew, spores and airborne bacteria, asbestos etc which real estate brokers and agents are not trained to detect. See also the section above (paragraph entitled PROPERTY CONDITION AND ENVIRONMENTAL MATTERS) about EDR certified inspectors who perform environmental assessments.

J) SEPTIC/WELL INSPECTION: If the Property is not on a public water and sewer system or similar sewer system, then this more detailed inspection is strongly recommended in order to help reveal the condition of the septic and well systems. This more through inspection can also determine whether the property is serviced by a private septic system or public sewer. You should understand the necessity of using your own due diligence to determine the existence of, and condition of any well and septic systems or public sewer that may serve the property. Some septic systems may be outside the property's boundaries with easements in place so you can maintain and repair the system. Septic permits for sewage disposal systems may not equal the number of existing rooms being used as bedrooms in a home and are often permitted for less than the number of rooms that may actually be currently used for bedrooms or being advertised as bedrooms by the sellers or their agent....even if it's a new home. Your own due diligence with the local health department will reveal if this will be an issue that needs to be addressed during the contingency period.

You are advised to contact the Health department whenever you are considering a property with a private septic system to check for the number of bedrooms the property is permitted for. There are still many properties within the city limits of Winchester, or within the boundaries of other towns and hamlets in the region that remain on private septic systems with or without public water. Subsequent owners and/or their agents may not even be aware they have a septic system...thinking that because they are in town, they must have public sewer. **DO NOT ASSUME** that the home has public sewer even if the MLS system listing data indicates there are public utilities. You should contact your local health department, county government or other agency to determine the type of sewage disposal and water systems servicing the property and to confirm the type of permits for the property and/or for advice on using and maintaining septic systems. Note however that some records may not be available on some older properties. Study period contingencies

can be added to the offer if you wish to allow time for your due diligence research on this topic. You should arrange for a contractor to conduct tests of the septic or well systems to be reasonably sure there is an adequate system in place and to determine that the systems appear to be performing in a normal manner. These contractors may even employ some type of video/camera system to view the interior of the lines and tank or they will excavate portions of the system to expose the tank, the distribution box, the septic lines if any, or any other system components as further assurance that a system actually exists and that it appears to be adequate for your needs.

The 2010 VA Property Disclosure form added language regarding wastewater disposal as follows:
“**WASTEWATER SYSTEM:** The undersigned owner(s) makes no representations with respect to the presence of any wastewater system, including the type or size thereof or associated maintenance responsibilities related thereto, located on the property and the purchaser(s) is advised to exercise whatever due diligence the purchaser(s) deems necessary to determine the presence of any wastewater system on the property, in accordance with terms and conditions as may be contained in the real estate purchase contract, but in any event, prior to settlement pursuant to that contract.”

SEPTIC TIP: At a minimum, it is suggested that you should have the tank and distribution box opened by a septic contractor and then have them visually inspect or video inspect all the lines from the house to the Tank to the Distribution Box as well as each drain field line. It is very common to find older distribution boxes that have settled over the intervening years which causes effluent to drain only some of the lines rather than evenly to all the drain field lines.....this can cause overuse and possible failure of these particular lines.

Septic Systems and wells are often conveyed with the property in an *as is* condition. Even though they may appear to be working prior to settlement, no one can predict if the system will continue to function. In the event of a septic or well failure, there is no assurance that the well or septic system can be repaired or rebuilt to meet current government regulations.

Most newer alternative septic systems such as mound systems, sand filter systems or puraflo systems etc also require an annual inspection and a maintenance contract with a third party firm. Be sure you contact the health department to obtain the engineering plans for the system to determine if the filters are top or mid tank sealed as the mid tank seals tend to leak allowing ground/rain water intrusion and over loading the system found on many systems installed prior to 2008. Remember too, that septic systems do not last forever....they will probably fail long before the house deteriorates. It has been reported that an average standard sub surface drain field system has a useful life span of about 25 years....some could be less if they were installed in marginal soils.....some may last longer. Be sure you perform your due diligence when purchasing a property with a septic system, especially if it has some age on it...The cost to install a new system, if one can even be approved for the property may range from \$15K+ for a standard system to \$30K+ for an alternative system.

K) POOL INSPECTION: This inspection may reveal the condition of the pool, spa and related systems. Such inspection will state the current conditions of these items but may not indicate the remaining useful life of such items and related systems.

L) SOILS/STRUCTURAL INSPECTION: Licensed Geotechnical Engineers can reveal if the soil and terrain of the Property is susceptible to damage, expansion, contraction, settlement, slippage, subsidence or other conditions such as sinkholes in the Valley's Karst soils. Such inspection can determine if the subject Property may be constructed on filled or improperly compacted soil. This inspection by a licensed, qualified professional is strongly recommended to determine the structural integrity and safety of all improvements on the Property. You are advised that some lenders may require inspection by a structural engineer or other expert prior to funding a loan.

M) SURVEY: LOT SIZE/BOUNDARY LINES ETC: The size of the lot, location of boundary lines or the number of acres or square footage provided to the real estate agent via the MLS System or by the sellers or others has not been verified. It is important that you understand this figure may only be an approximation and the actual size may differ. To ensure that you know the exact size of the lot, the location of the boundary lines, acreage, easements and encroachments or square footage, your agent strongly urges you to have a professional survey of the property performed prior to settlement.

A survey will also detect the existence of building restriction lines, outbuildings, power lines, flood zones, etc, and any other physical issues that may affect your decision to complete the purchase. Discuss with your surveyor what is included in a survey and whether additional survey options should be considered. In the event that you elect not to have such a survey performed, you agree to forever hold the agents harmless from any liability for any issue in connection with the property that may have been discovered had you obtained a survey. It is understood by the parties that upon removal of the contingency(s) to the purchase contract for a survey of the property, that you will be accepting the square footage, lot size and boundary lines etc that actually exist.

WAIVER OF INSPECTIONS

IN THE EVENT YOU ELECT TO PURCHASE THE PROPERTY WITHOUT THE PROFESSIONAL INSPECTIONS SUGGESTED HEREIN OR IN THE CONTRACT DOCUMENTS & ATTACHED ADDENDA OR WHICH MAY HAVE BEEN RECOMMENDED TO YOU BY YOUR REAL ESTATE AGENT, THEN YOU FULLY UNDERSTAND THAT YOU ARE ACTING AGAINST THE ADVICE AND RECOMMENDATIONS' OF YOUR AGENT. YOU THUS ACKNOWLEDGE THAT PHYSICAL OR OTHER CONDITIONS MAY EXIST RELATING TO, ON, OR NEAR THE PROPERTY (INCLUDING BUT NOT LIMITED TO ZONING, GOVERNMENT INFRASTRUCTURES AND USAGE ISSUES, BOUNDARY-SURVEY ISSUES, EASEMENTS ETC) WHICH ARE UNKNOWN TO YOUR AGENT, BUT WHICH YOU COULD HAVE BEEN MADE AWARE OF BY SUCH INSPECTIONS OR THAT COULD HAVE BEEN DISCOVERED BY YOU DURING ANY OF YOUR OWN DUE DILLIGENCE INVESTIGATIONS THROUGH THIRD PARTY SOURCES OR GOVERNMENT AGENCIES OR OFFICES, ETC.

FURTHER, YOU UNDERSTAND, ACKNOWLEDGE AND AGREE THAT YOUR AGENT/BROKER CANNOT:

A: GUARANTEE THE CONDITION OF THE PROPERTY, IMPROVEMENTS, SEPTIC SYSTEM, TYPE OF SEPTIC SYSTEM OR IF ONE EVEN EXISTS, WATER WELL, MECHANICAL SYSTEMS OR ANY OTHER SYSTEMS OR ASPECTS OF THE SUBJECT PROPERTY OR OF ANY NEARBY PROPERTIES OR THEIR CURRENT OR PROPOSED USES;

B: BE LIABLE FOR OR RESPONSIBLE FOR DEFECTS OR ENVIRONMENTAL ISSUES THAT ARE NOT ACTUALLY KNOWN TO THE AGENT;

C: SUGGEST THE PRICE THE BUYER MAY OFFER FOR THE PROPERTY. THE AGENT MAY, AT YOUR REQUEST, PROVIDE MARKET DATA FROM THE REALTOR MLS SYSTEM RELATING TO THE SALES OF OTHER PROPERTIES THAT ARE SIMILAR IN STYLE AND FEATURES, WHICH YOU MAY USE IN DETERMINING THE PRICE TO BE OFFERED.

D: BE RESPONSIBLE FOR DEFECTS THAT ARE NOT VISUALLY OBSERVABLE IN REASONABLY ACCESSIBLE AREAS OF THE PROPERTY;

E: IDENTIFY PROPERTY BOUNDARY LINES, CORNERS, EASEMENTS, BUILDING RESTRICTION LINES, ENCROACHMENTS, UTILITIES, OR SEARCH THE TITLE OR COURT HOUSE PUBLIC RECORDS ETC, OR ADVISE WHETHER MINERAL RIGHTS CONVEY OR WHETHER THERE ARE MINERAL LEASES OF ANY KIND OR IF THERE ARE ANY ISSUES OF ANY KIND THAT MIGHT AFFECT MARKETABLE TITLE TO THE PROPERTY. CONSULT LEGAL COUNSEL.

F: PROVIDE LEGAL OR TAX ADVICE OR PROVIDE INFORMATION RELATING TO THE INVESTMENT POTENTIAL OF THE PROPERTY, OR ADVISE THE BUYERS AS TO WHETHER THE PROPERTY VALUE IS GOOD OR BAD;

G: PROVIDE ANY OTHER ADVICE OR INFORMATION THAT EXCEEDS THE KNOWLEDGE, EDUCATION AND EXPERIENCE REQUIRED TO OBTAIN A REAL ESTATE LICENSE.

H: BE LIABLE FOR ANY ITEMS REMOVED FROM PROPERTIES AT ANYTIME (Example-items stolen from REO homes)

YOU AGREE THAT YOU WILL SEEK YOUR OWN LEGAL, TAX AND OTHER DESIRED ASSISTANCE FROM APPROPRIATE PROFESSIONALS AS YOU DEEM NECESSARY IN YOUR SOLE DISCRETION.

By your signature below you acknowledge that you have read all these pages and you are satisfied that you understand the contents.

You acknowledge that you either received paper copies of all the following disclosures or informational packets from your agent or that you read them online at the agent's website, www.topofvirginia.com

These include the Virginia Association of Realtors Pamphlets entitled, *A Realtors's Role, How Best To Buy Or Sell Your Home* and the book prepared for you by your agent entitled *The Home Buying Process*.

We have also read the attached supplemental page(s) of suggestions, notes, disclosures etc that follows this signature page and which is incorporated herein and made a part hereof.

Your Agent is: Roger Lamborne at MarketPlace REALTY, Winchester, Va ©1994-2014

This document consists of 22 pages including the following the supplemental page(s)

Signature	Printed Name	Date
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Signature	Printed Name	Date
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SUPPLEMENTAL NOTES, POST CLOSING SUGGESTIONS

POST CLOSING:

HOME EXPENSES: Are you prepared for the normal expenses of owning a home? People whose only previous experience is renting often don't realize how costly water, heating and air conditioning, taxes, and general maintenance can be. Experts suggest that you set aside about 1 percent of the purchase price of your home at settlement and a like amount each year thereafter for repairs and emergencies.

DETECTORS: Changing batteries at least once each year in smoke detectors and CO detectors is usually suggested by experts. Choose one time each year for this easy project, such as the date when you change over to daylight savings time or your birthday. Add extra smoke detectors in all bedrooms, main level near stairways as well as additional ones in the upstairs hallways or as suggested by your local agencies. Be sure you have Carbon Monoxide (CO) detectors in appropriate locations. Check with a local fire department or government agencies for best locations to install them.

FURNACE: Have your furnace checked before each heating season....an HVAC technician will ensure the units are running properly. Make sure they look for evidence of carbon monoxide leakage. Check furnace filters & change filters often to prevent dirt buildup and loss of heat/AC efficiency.

WELL WATER: If the property is served by a well, or you have water filters, check and replace filters often and on a regular basis. Have a regular water well test for bacteria, especially if a pre-sale test showed bacteria that was flushed out....then it is also suggested that you get a new test within a month or two after you move in to be sure the water remains clear. If bacteria shows up again, consider alternate methods of water purification on the incoming line. Check with the health department for acceptable solutions.

RADON: A low radon test may not ensure that it will always be low. Also note that mitigation systems may fail without you being aware of it. Get radon tests re-done on a regular basis...start with detectors you can buy locally.

PHOTOS: Take photos or video of all personal property in your new home and write an inventory....keep images and lists in a safe place away from the home. That way, you'll have a good record in the event of a disaster.