

SERVICE AGREEMENT

INSPECTION NO. _____

Michael A. Thomas

**THOMAS REAL ESTATE INSPECTIONS,
Inc.**
12073 Wanderer Rd.
Auburn, Ca. 95602
(530) 268-3452
Certification No. 240

INSPECTION ADDRESS: _____

CITY: _____ STATE: _____ ZIP: _____

CLIENT'S NAME: _____

CLIENT'S ADDRESS: _____

WHAT YOUR INSPECTION INCLUDES

We will make a visual inspection of the prominently visible and accessible areas of the property. The inspection is a reasonable effort to assess the DURABILITY and SERVICEABILITY of the components of the property in its present state as these items significantly affect the value, desirability, habitability, or safety of the dwelling. "Significantly" as used herein means a condition that is "important or consequential"-- a deteriorated condition for which the expense to repair would exceed \$500.00. Our analysis is limited to our written report. The report does not evaluate style, aesthetics, or location of a property.

The inspector will attempt to be reasonably accurate and thorough by pointing out both the strong and weak points of the property. Ownership brings with it the certainty that failures and repairs will occur. The inspector will not be able to predict all such occurrences, but a two to three hour investigation by our professional inspector, and the resulting report, should provide you with a useful tool.

Our inspections are not intended as a service call. Operable conditions of mechanical, electrical, plumbing devices or other items are only surmised from the visible evidence. No maintenance services, removal of cowlings, or destructive discovery can or will be performed. If we locate an item that is not serviceable or creates doubt for our inspector, we will suggest that a licensed tradesperson be contacted to investigate further or make repairs. This could require an additional fee to the appropriate specialist and may require, among other things, servicing equipment and/or destructive discovery.

This inspection is not conducted to detect every minor problem or condition that may exist in the building. Cosmetic deficiencies are to be considered obvious. It is understood that if such a listing is desired, that service is beyond the parameters of a regular inspection and requires an additional fee.

You are encouraged to be on the site at the time of the inspection or arrive near the completion of our inspector's evaluation, so the inspector can review the inspection report with you in person. If an additional visit to the property is required, it will be billed at our hourly rate.

The inspection will be performed in accordance with the Standards of Practice of the *California Real Estate Inspectors Association*, the terms of which are incorporated in this agreement. A copy of the Standards of Practice is available upon request. For equipment and components which are not to be operated or tested, refer to the Standards of Practice.

RISK OF BUYERS & SELLERS

Buyers are always at risk. THE VISUAL INSPECTION MAY ILLUMINATE SOME AREAS OF RISK, BUT CANNOT ELIMINATE IT. THE INSPECTOR IS LIMITED TO THE EXISTING CONDITIONS ON THE DAY OF THE INSPECTION, AND THE INSPECTOR IS NOT LIABLE FOR NON VISIBLE, OBSCURE, OR CONCEALED FAULTS. Claims for concealed conditions, whether intentional or unintentional, must be made against the seller of the property.

The most conscientious visual inspection is not capable of determining all conditions that actually exist within a facility. We make a random evaluation of some components and, of course, cannot move furniture, etc., to obtain access. Even with our thorough visual inspection, these are some examples of the types of things our inspection cannot determine:

1. Improperly made wiring connections. Random outlets or switches that do not function.
2. Concealed cracks in fireplaces, chimneys, flue liners or combustion chambers
3. Leaks that only occur under unusual conditions.
4. The inner workings of mechanical items including combustion chambers.
5. Underground or concealed systems or components.

Although, there are many items that our inspector might determine or surmise if given enough time, our evaluation is also limited by a reasonable investment of the inspector's time for the fee paid. There are, therefore, other items that could be added to the above list after a reasonable and competent inspection on any particular property.

Hazardous materials are beyond the scope of this inspection report and the inspector is not an environmental expert. If asbestos, electro-magnetic fields, fiberglass, formaldehyde, hazardous wastes, lead, radon, soil contamination, molds and mildew, or the quality of drinking water and waste disposal are a concern, please contact an appropriate expert. This inspector is not qualified to detect the presence of Chinese drywall. Although the inspector may note material deterioration or insect infestation the "Wood Destroying Pest and Organism Report" should be referred to for those occurrences that affect the structure. Dual pane windows that do not show obvious evidence of moisture between panes at the time of inspection are beyond the scope of the inspection.

COMPLIANCE CODE

The inspection is one of "serviceability", not code compliance. By necessity, our inspection deals with existing structures, which may have older types of wiring, plumbing, heating, etc. As an illustration, today most local building departments require ground fault interrupter circuits, insulation in the exterior walls, anchor bolts, and many of other items, which have not always been included in the building codes. Facilities without these installations can be "serviceable", even though they do not meet current codes (or may not even be desirable for modern life styles.) We assume, but do not warrant, that the then current codes were complied with at the time of construction. Compliance with local permit requirements is not part of this inspection.

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WARRANTIES AND INSURANCE

The inspection and report are not intended to be construed as a guarantee or warranty, expressed or implied, including any implied warranty of merchantability or fitness for uses regarding the conditions of the property, items and systems inspected, and should not be relied upon as such.

YOU SHOULD NOTE

The conditions stated in the report are not repair requirements or even suggestions. Some items in the report are, by definition, subjective and the opinion only of the Inspector stating the relative conditions encountered. Our intention is to provide an unbiased analysis. The inspector is not allowed to make repair suggestions or comment on the quality of materials and workmanship. Decisions regarding maintenance or repairs are left to you and your Tradesperson.

In addition, the inspector is not allowed to answer the question, "Would you buy this if you were I?" Our purpose is to create a report that can help you in your decision, but you should not base the decision to buy solely on our report. Your decision to purchase this property includes responsibility for the future maintenance of the grounds, structure, and mechanical/electrical/plumbing systems. Unfortunately, some buyers later wish that they had not bought the property. Because you are a thoughtful consumer, we do not expect that situation to develop. But in the unlikely event it should, your signature below waives the claim: "But for your inspection, I would not have bought this property." and other similar claims.

Time is of the essence to this agreement. All claims arising from this inspection must be filed with-in one year of report expiration date. It is agreed that no claims may be filed after this date. In the event either party fails to comply with the provisions herein, all rights shall terminate. No further notice is required or shall be given. Paragraph titles and headings are not to be considered part of the agreement. This document, along with the inspection report form, contains the entire agreement between the parties and supersedes all prior agreements or representations with respect to the services for which the agreement was drawn.

DISPUTE RESOLUTION

If you feel that the inspection was negligent in some respect, you are required as a condition, before invoking the arbitration provisions below, to immediately communicate this IN WRITING to our address above. Communication must be from the party originally contracting with us for our service. {NOTE: If you call in contractors to comment on a component, you can expect subjective and biased opinions from their sales people in an effort to generate work.} However, we will respond to any legitimate complaint. We believe that the difference between a good company and a bad company is how they handle their mistakes, and we want you to know that we intend to be a good company. If we are unable to come to a resolution as a result of communication between the parties, you are next required to submit to nonbinding mediation. Mediation is a process by which people come together with one or more professionally trained and experienced mediators who assist them in resolving their dispute by negotiating a mutually satisfactory agreement. The result of a successful mediation hearing is a written settlement agreement that is legally enforceable. If mediation is unsuccessful, the parties may then proceed to arbitration as outlined below.

Any unresolved dispute, controversy or claim arising out of or in connection with this agreement or the breach thereof shall be submitted to final and binding arbitration under the Rules and Procedures of the Expedited Arbitration of Home Inspection Disputes of Construction Arbitration Services, Inc. The judgement may be entered on the decision of the arbitrator(s) by any court of competent jurisdiction. The parties shall have the right to discovery in accordance with California Code of Civil Procedure section 1283.05 (or any similar state law provision if arbitration takes place outside of California). The sole and exclusive standard against which the inspection shall be judged will be the Standards of Practice as published by CREIA which are incorporated in this agreement. Exceptions to mandatory arbitration include the filing or enforcement of a mechanic's lien and the filing of judicial action to enable the recording of a notice of pending action, for attachment, receivership, injunction, or other provisional remedies. Any such action shall not constitute a waiver of the right to arbitrate under this provision.

Property or equipment in dispute must be made accessible for re-inspection and/or arbitration. Arbitration shall occur at the property in question. By agreement herein, no arbitration award in favor of the client shall exceed the lower amount of three times the inspection fee, or \$1,000. Any arbitration award in favor of the inspector shall include payment of fees at the hourly rate below for time invested by the inspector, his/her representatives, staff, or principals.

SUBSTITUTE DISCLOSURE

The inspection performed by inspector is supplemental to any real estate transfer or Seller's Disclosure Statement and shall *not* be used as a substitute for such Disclosure Statements.

FEES The fee for this inspection is \$_____ due and payable: (\$_____ if paid through Escrow or received after _____)

A service charge of \$20.00 per month will be charged for fees received after 30 days from date of inspection (excludes escrow)

(Returned checks will be subject to a \$25.00 service fee)

_____ At the time of the inspection COMPANY _____ CITY _____

_____ At the time the report is received ESCROW # _____ OFFICER _____

_____ Through Escrow per client OFFICE PHONE _____ FAX# _____

NOTE: The inspection fee is for the service performed on the property. Re-inspections, research or expanded reports (including disputed issues requiring investment of time by our staff or principals) will be payable at the rate of \$ 75 per hour.

PERMISSION IS GRANTED TO PERFORM AN INSPECTION PER THE ABOVE AGREEMENT AND PAYMENT IS AGREED UPON AS OUTLINED ABOVE. **I HAVE READ AND ACCEPT THIS AGREEMENT:**

INSPECTOR: Michael A. Thomas DATE: _____

APPROVED: X DATE: X

- Buyer's signature Realtor as agent for Buyer Seller Owner's signature