

MARIN COUNTY DISCLOSURES AND DISCLAIMERS ADVISORY

(This form is intended for use with the California Association of REALTORS® form "Statewide Buyer and Seller Advisory")

This Advisory is intended for use in Marin County. Please read it carefully, whether in electronic or hard copy form along with any local Advisories or local disclosures and Seller or Agent Disclosures relating to the Property.

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INTRODUCTION

This Advisory provides general information about selling and buying real property in Marin County and is effective as of **December 14, 2016**. It is not intended to be a comprehensive guide to buying real estate nor is it designed to alarm Buyers and Sellers. It does not limit any legal duty of real estate brokers; however it does point out some limitations on real estate brokers' duties. This Advisory points out that when purchasing something as important and valuable as real estate, Buyers have a legal responsibility to protect themselves by taking special precautions to investigate the issues detailed in this Advisory and any other issues which impact the use, value or desirability of the Property. Consult with the appropriate experts and/or governmental agencies. Do not just rely on real estate brokers or Sellers as sources for all information. When Buyers have questions, doubts or concerns, they should conduct their own investigation with their own chosen professionals. For more information about Marin County, Buyers can go online at: <http://www.marincounty.org/government>

The information in this Advisory may change over time and/or new issues may develop due to actions taken at the federal, state, county, city and/or private, local level. Some of the issues that are covered in this Advisory are point of sale or retrofit requirements that may also get triggered by remodeling efforts or efficiency requirements. Sellers and Buyers should investigate the applicability of these requirements to the past, present and future sale, purchase, ownership and/or development of the Property.

- Sellers must understand the importance and significance of their disclosure obligations. Sellers need to take the time to carefully and fully complete all aspects of the disclosure documents. Sellers must disclose anything that is known to the Sellers that materially affects the value or desirability of the Property. Sellers who need help in completing their disclosure obligations should consult with their own attorney; Brokers cannot determine the legal sufficiency of any disclosure.
- Whether documents are signed electronically or in hard copy, Sellers and Buyers should read this Advisory in conjunction with a careful review of all disclosures required by Sellers and by the real estate Brokers involved in the transaction including, without limitation, the Transfer Disclosure Statement and the Supplemental Property Questionnaire, if provided by Seller.
- Buyers are responsible for conducting their own investigations into the issues discussed in this Advisory as well as those issues that are not referenced below to the extent that those additional issues may affect the Buyers' determination of the use, value, desirability or development of the Property. That investigation should take place prior to the Buyer's removal or waiver of any inspection contingency. Buyers are urged to:
 - Carefully read the information contained in any advisories, disclosures, inspections, and/or reports that Buyers receive from any source.
 - Conduct additional/further investigations and inspections regarding any issues that concern Buyers which are raised in those advisories, disclosures, inspections, and/or reports received by Buyers from any source.
 - Thoroughly and thoughtfully inspect and evaluate the Property and, in so doing, meet Buyers' obligation to protect themselves, including those facts which are known to or within the diligent attention and observation of the Buyers.
- Buyers need to inquire into other or additional matters (beyond those contained in this Advisory) to the extent that those additional issues affect the Buyers' determination of the use, value, desirability or development of the Property.
- Buyers must bear in mind that a Property may suffer defects and deficiencies of which neither Sellers nor Brokers are aware. Buyers should also recognize that not all issues can be objectively determined and some issues can have varying impacts on different people since some people may be more sensitive than others.

- Buyers are urged to engage licensed professionals to evaluate all aspects of the Property and to consult all appropriate governmental agencies. Buyers' right to conduct certain types of investigations may be limited by the Purchase Contract.
- Any representations about the issues in this Advisory made by third parties have not been verified by Brokers and need to be independently confirmed by Buyers.
- **Although licensed to list, sell and lease real estate, Brokers may not have expertise on the issues in this Advisory.**

This Advisory is not meant to be a complete source of information on all matters which can become issues in real property purchase and sale contracts. **Given Buyers' legal duty to exercise reasonable care to protect themselves regarding facts that are known to them or within their diligent attention or observation, Buyers are urged to investigate, without limitation, the items in the following paragraphs of this Advisory as well as the condition of the foundation, roof, plumbing, heating air conditioning, electrical, mechanical, energy efficiency, security, appliances/personal property, pool/spa, and all other systems and components.**

The real estate licensees involved in the transaction do not warrant or guarantee the accuracy of the information contained in this Advisory or the adequacy of the information contained herein as it relates to a specific real property transaction.

A. MARKET CONDITIONS ADVISORY

Real estate markets are cyclical. It is impossible to predict what market conditions will be at any given time. The ultimate decision of how much to offer on any property rests with Buyers. Buyers need to decide what they are willing to pay in light of market conditions and their own financial resources. Buyers must also decide what type of offer to make in recognition of existing market conditions. Purchase price is not a simple calculation based upon square footage but an agreement as to what Buyers will pay and what Sellers will accept.

Real estate brokers traditionally recommend that Buyers protect themselves by conditioning their purchase on an inspection of the Property so that the Buyers can be assured that the Property meets their needs. In some markets, many Buyers are choosing to forego that sage advice so that their offer is more attractive to Sellers. If, after making an offer without a property condition contingency, Buyers become aware of an aspect of the condition of the Property that affects its value or desirability, Buyers may still be required to proceed to purchase the Property or possibly pay damages to the Seller, which may be the deposit in escrow. If this is a condition that must subsequently be repaired, Buyers may have no legal recourse against any of the parties in the transaction after escrow closes, including the Seller, the brokers or the inspectors, and then the Buyers may have to pay to correct those problems.

Waiving the right to have a contingency regarding the property condition does not necessarily waive the Buyers' right to access the Property, even if the Property is being sold "AS IS". Regardless of whether there is a property condition contingency, Broker recommends that prospective Buyers have the Property thoroughly inspected by their own experts prior to the close of escrow.

The lender's approval of financing includes the lender's determination that (1) Buyers are creditworthy and can afford to make the mortgage payments and (2) that the Property appraises for at least the principal amount of the loan. Even if Buyers have obtained a pre-qualification or pre-approval letter from a lender, the lender may not ultimately approve the loan if the lender's appraiser determines that the Property's fair market value is less than the amount of the purchase price or if the Buyers' financial/employment situation has changed. If there is no financing contingency and the Property does not "appraise," Buyers may not be able to afford to make up the difference between the loan amount applied for and the loan amount actually offered by the lender. Under those circumstances, Buyers may not be able to perform on Buyers' contractual obligations. This could then result in the Buyers paying damages to the Seller. **It is a serious risk for Buyers to eliminate from the**

purchase contract their right to have a financing and/or appraisal contingency if they intend to secure a loan.

B. GENERAL PROPERTY ADVISORIES

- 1. EXISTING HOUSING STOCK:** Many properties have been built under different building codes and may not accommodate current or future personal property items such as electric cars. Regardless of its age, Buyers should have the Property inspected by a competent property inspector and obtain additional inspections recommended in any inspection report, or as may be necessary for Buyers to determine the actual condition of the Property. The Property's components, appliances, fixtures, systems and materials may have varying degrees of remaining useful life and may be subject to failure without notice. In addition, not all components, improvements or fixtures of the Property may comply with current code, zoning, health and safety, setback requirements, religious or cultural preferences. Some homes contain appliances, products or manufactured materials, such as Chinese dry wall, which may be defective, create problems with the use or value of other aspects of the home and/or may be subject to manufacturer or governmental recall and/or a class action lawsuit. All homes include many components which require ongoing maintenance. Deferred maintenance will decrease the life span and/or functionality of many of these components. Buyers should seek reliable advice from appropriate professionals and to plan/budget for maintenance and future repairs.
- 2. FLOORS AND WALLS:** The personal property of the Seller may make a visual inspection of floors and walls difficult. The existence of certain types of floor coverings, such as carpeting and rugs, as well as certain types of wall coverings, such as wallpaper and paneling, and furniture prevent inspectors and brokers from inspecting the condition of the floors and walls beneath those materials. When exposed, these areas may have a different pattern of wear or shade of color. If Buyers wish to determine the condition of the floors and walls beneath such coverings, Buyers will need to secure the written authorization of Seller to conduct investigations with appropriate professionals since removal of floor coverings may be required.
- 3. TEMPERED GLASS:** Many homes contain glass that IS NOT tempered in locations where tempered glass IS required by building regulations. Buyers are advised to have a contractor's inspection to identify the presence of any glass that is not properly tempered before removing a physical inspection contingency on a prospective purchase of real property. Buyers should consider replacing any non-tempered glass with tempered glass to reduce the risk of injury.
- 4. FIREPLACES; WOOD-BURNING APPLIANCES:** Residential wood burning is the leading source of wintertime air pollution in the Bay Area and studies have confirmed there are significant health impacts from exposure to fine particulate matter found in wood smoke. The Bay Area Air Quality Management District ("BAAQMD") established the Wood Smoke Rule, Regulation 6, Rule 3 to reduce wintertime smoke pollution and protect public health. The Wood Smoke Rule requires anyone selling, renting or leasing a property in the Bay Area to disclose the potential health impacts from air pollution caused from burning wood. Fine particulate matter, also known as PM_{2.5}, can travel deep into the respiratory system, bypass the lungs and enter the blood stream. Exposure may cause short-term and long-term health effects, including eye, nose and throat irritation, reduced lung function, asthma, chronic bronchitis, cancer and premature deaths. Exposure to fine particulates can worsen existing respiratory conditions. High PM_{2.5} levels are associated with increased respiratory and cardiovascular hospital admissions, emergency department visits, and even deaths. Children, the elderly and those with pre-existing respiratory or heart conditions are most at risk from negative health effects of PM_{2.5} exposure. Buyers should consult with a licensed professional to inspect, properly maintain, and operate a wood burning stove or fireplace insert according to manufacturer's specifications to help reduce wood smoke pollution. The Air District encourages the use of cleaner and more efficient, non-wood burning heating options such as gas-fueled or electric fireplace inserts to help reduce emissions and exposure to fine particulates.

When the BAAQMD issues a Winter Spare the Air Alert during the winter season from November 1 through the end of February, it is illegal to burn wood, manufactured fire logs, pellets or any solid

fuels in fireplaces, wood stoves or outdoor fire pits. To check when the air quality is unhealthy and when a Winter Spare the Air Alert is issued, call 1-877-4NO-BURN or visit www.baaqmd.gov or www.sparetheair.org.

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

5. **SQUARE FOOTAGE AND LOT SIZE:** Different sources of size information including but not limited to Sellers and Appraisers often provide different square footage or lot size numbers for a property; public records may be, and often are, inaccurate and thus there are frequently discrepancies in the advertised sizes. Buyers are advised that square footage and/or lot size numbers, which may be obtained from various sources such as public records, MLS and others and are provided to Buyers regarding the Property are not, and will not be, verified by Sellers or the real estate agents. **If the square footage or lot size of the property is an important consideration in Buyers' decision to purchase the Property, then Buyers must independently conduct Buyers' own investigation through appropriate professionals and rely solely on that data.**
6. **TREES AND VEGETATION: Protected Trees.** Most cities have an ordinance that requires property owners to obtain a permit prior to removing *Protected Trees* from their property. *Protected Trees* are defined within the code of each city. Removing or damaging any *Protected Tree* without the proper permit constitutes an infraction. In addition to the cost of the infraction, violators may be liable for damages. A City may place a lien on the Property if imposed fees are not paid on a timely basis. That lien may subsequently be added to the county property tax bill.

Hazardous Trees: Some cities define hazardous tree conditions within their Municipal Building Codes and address ways of mitigating those conditions on both private and public property. There are often stringent time frames for responding to hazardous tree claims. If hazardous tree claims are not resolved privately, a claimant may, as a last resort, pursue the claim through the court system.

View Ordinances: Some cities have view ordinances that restrict the height of trees so that trees do not unreasonably obstruct the view that existed at the time of purchase of the property. Certain trees that are part of the natural habitat can be exempt from this law. Often a view property will have recently trimmed trees and shrubs revealing the view. Buyers should take note that maintaining that view could entail not only trimming foliage on their own property, but also enlisting the cooperation of their neighbor to keep their foliage trimmed, usually at the Buyers' expense. Cities do not take an active role in these issues; rather they encourage the private resolution of such disputes. Each city has a slightly different mechanism for handling these situations, and Buyers are encouraged to review the Municipal Code during their inspection period.

Buyers are encouraged to seek the advice of a licensed arborist for any questions regarding trees that are on the Property or on a neighbor's property.

7. **RIVER, CREEK AND LEVEE PROTECTION:** Many properties are impacted by creeks (a narrow channel or small stream) and/or culverts (a man-made structure used to enclose a flowing body of water which is usually designed to allow water to pass underneath a road or other structures). If the Property includes, abuts or is located near a creek or culvert, Buyers should investigate the possibility of flooding and/or water intrusion or other nuisances that may result from proximity to those water sources by contacting appropriate experts. Brokers cannot determine these issues. In addition, some cities have enacted regulations regarding creeks and culverts making maintenance of these creeks and culverts the responsibility of adjacent property owners which can involve considerable expense. Buyers need to review local ordinances and maps with their own experts regarding these issues and before commencing any work in, over or near a creek or culvert.
8. **SEPTIC SYSTEM/WASTEWATER TREATMENT SYSTEM REGULATIONS:** If the Property has a septic system, it is essential that Buyers secure a current, written report detailing the inspection of the tank and the leach field lines by a licensed, competent professional to determine the condition of the system as well as the adequacy of the system for Buyers' specific needs. Visual inspection of the tank alone is insufficient. Brokers do not have the necessary expertise to make those determinations.

Expansion or remodeling of the dwelling may be restricted due to the existence of the septic system. Securing approval for changes in the dwelling may be conditioned upon testing, removal, repair, or other changes to the system which may be expensive. The septic system may not be in compliance with current or future code requirements and code compliance may be required for any future work done on the Property. Buyers should investigate these issues with appropriate experts. Brokers cannot determine these issues.

Buyers can get more information about OWTS/Septic System regulations by contacting the State Water Resources Control Board, 1001 I Street, Sacramento, California 95814 or at Post Office Box 100, Sacramento, California 95812; (916) 341-5455 and by reviewing the SWRCB's website: http://www.waterboards.ca.gov/water_issues/programs/owts/index.shtml

9. **UNDERGROUND STORAGE TANKS (UST):** Many of the larger, older homes in this area built before 1935 may have or have had an Underground Storage Tank for the fuel oil that fired the Property's furnace. As natural gas became the more common standard fuel for home furnaces, virtually all of the old furnaces have been replaced. However, many of the fuel oil tanks remain buried on the property. In residential applications, the California State Water Resources Control Board regulates all UST's in California. The licensing, inspection and regulation of UST's in residential application are currently exempt provided the tank is less than 750 gallons and was used for fuel oil only. However, this does not guarantee that the Property would be exempt from abatement if a UST is discovered upon the Property. Each municipality has very different regulations concerning UST's that may include removal and soil clean-up of any toxic material that may have leaked from the tank. Buyers and Sellers are advised to speak directly to the Public Works Department, Building Department and/or Fire Department in the pertinent city concerning specific regulations affecting UST's.

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

Some of the third-party Natural Hazards Disclosure ("NHD") companies may provide information regarding environmental hazards that are mapped by the federal government, state or local entities such as Super Fund Clean-Up sites. Buyers should consider discussing with the NHDS provider what environmental disclosures and maps may be available.

11. CONDOMINIUMS, COMMON INTEREST DEVELOPMENTS & HOMEOWNERS' ASSOCIATIONS:

If the Property is located in a Common Interest Development, the Seller should request that the Homeowners' Association (HOA) provide all required documents regarding the HOA operation and expenses to meet the Seller's disclosure obligations under Civil Code Section 4525. Some neighborhoods have established HOAs that may charge dues and enforce their own restrictions. It is strongly recommended that Buyers receive the current HOA documents directly from the HOA rather than from any online service or from an earlier transaction. Buyers need to carefully examine all of the documents that are provided regarding the HOA and compare the documents with the list of required disclosures specified in the HOA form from the California Association of REALTORS®. If any document(s) are missing, Buyers should send a written request to the Seller that the Seller provide the missing documents and/or provide a written explanation for why the document(s) were not included with the other HOA documents. Many smaller HOA's do not prepare or keep all documents required by the law, such as reserve studies, minutes of all meetings and/or financials. As a result, Buyers may only receive a portion of the state required documents; in which case Buyers must be aware that they are buying into an HOA without the benefit of the information those documents would provide. Buyers should retain the services of experts, such as attorneys, accountants or others who specialize in reviewing HOA documents to determine the adequacy of the reserves and whether or not the Property is suitable for the Buyers' intended uses.

Due to noise and other factors, a HOA may restrict the type of floor and/or wall material that can be used in certain units and/or the number of pets. Note that HOA's must comply with Fair Housing laws regarding service and companion animals. Buyers should directly contact the HOA Board to determine whether or not the Property can be used for Buyers' intended purposes. Buyers should also determine whether or not the Property meets Buyers' subjective personal preferences.

Many Condominiums and other Common Interest Developments have been involved in or are presently involved in litigation regarding the design, construction, maintenance and/or condition of all or a part of the Development. Whether or not these lawsuits are successful, litigation is expensive and the cost of such legal actions may impact not only the adequacy of the HOA reserves but also the amount of current or future assessments. The existence of HOA insurance does not necessarily mean that there is insurance coverage for any given single interest or unit in the Development, an owner's remodeling or upgrade efforts, and/or the owner's contents. See Insurance information below.

Occasionally issues arise in the purchase of property in a Common Interest Development regarding parking and/or storage spaces associated with a single interest or unit in the Development. Buyers should determine for themselves whether or not the allotted parking space(s) are adequate to park the Buyers' vehicle(s) in the assigned spaces by actually parking in those spaces. Parking space(s) and storage space(s), if any, may be described in a Condominium Map or in the Preliminary Report issued by a Title Company. The actual markings, striping and numbering of these space(s) may not accurately reflect the actual spaces and may be in conflict with the space(s) designated in the recorded documents. It is therefore crucial that Buyers personally determine that the parking and storage space(s) that are designated in the recorded documents are actually being transferred to Buyers and that those space(s) are acceptable for the Buyers' intended needs and uses of the Property.

- 12. PLASTIC PIPE:** Builders in the Marin County area may have used PEX water pipes in constructing homes. This type of pipe, manufactured under the name of KITEC®, has been alleged in a class action lawsuit to be faulty and a settlement of that suit has been reached. Buyers should investigate the presence of such pipes prior to removing their inspection contingency. For additional information about this product and any litigation, go to: <http://www.kitecsettlement.com/faq.cfm>
- 13. INSURANCE:** During the inspection contingency, Buyers should consult with an insurance broker to determine the cost of homeowners' insurance as well as the types of coverage that may be available and any conditions that the insurance company intends to impose. For example, many insurance companies are refusing to provide homeowners' insurance coverage unless certain retrofit requirements are met, such as installation of safety glass and/or fireplace spark arresters and a gas shut-off valve. The fact that an insurance company may require these repairs does not necessarily mean that the Seller is obligated to pay for and/or make the repairs requested by the insurer. In addition, prior claims submitted by Buyers on other properties may affect the final cost of the

homeowners' insurance on the property being purchased by Buyers. Buyers should investigate these matters thoroughly prior to removing their inspection contingency.

14. **C.L.U.E. REPORTS OF INSURANCE CLAIMS:** Standard real estate disclosure forms specify that Sellers must provide Buyers with insurance claims history for the property for a period of five years preceding the sale. Sellers do not always know (or remember) the insurance claims history. Thus for many years the Natural Hazards Disclosure Statement ("NHDS") Reports included a report used by insurance companies called C.L.U.E. The NHDS Reports no longer include the C.L.U.E. report. Because a C.L.U.E. report itself is not required, Sellers may disclose the insurance information themselves as part of the disclosure process. If Sellers want to rely on C.L.U.E. for the most accurate information regarding past insurance claims, Sellers may be able to either: (a) go online to: https://personalreports.lexisnexis.com/homesellers_disclosure_report/landing.jsp and create an account that will enable the Sellers to order a C.L.U.E. report; or (b) contact their homeowner insurance policy broker who may be able to provide a copy. Buyers can also add to their contract offer the obligation for Sellers to provide them a C.L.U.E. report.
15. **RE-KEYING:** All locks should be re-keyed immediately upon close of escrow so as to ensure the Buyers' safety and security of their persons as well as their personal belongings. Alarms, if any, should be serviced by professionals and codes should be changed. Garage door openers and remotes should be re-coded.
16. **ONLINE INFORMATION:** Information regarding the Property, or the neighborhood, may exist online in various blogs, discussion boards, Facebook pages, etc. For example, some neighborhood associations and homeowner associations (HOA's) have official sites; whereas other unofficial sites written by third parties may exist with postings about the community. Some of the online sites offer viewers the opportunity to express opinions and air complaints. The information contained on those sites may consist of opinion, speculation, unfounded assertions or rumor, making it difficult to determine what is factual and what is not. **Neither Seller nor any of the real estate licensees may be aware of, nor will they conduct a search of, such online information and they are not obligated to verify or explain the posted issues and/or commentary of third parties.**
17. **ONLINE PHOTOS:** Sellers and Buyers are advised that photos of their property will be included in the MLS listings and, perhaps, on the listing broker's website. It is now common that such photos will subsequently be added to other brokers' websites, and various national listing aggregation sites such as Realtor.com, Trulia, Zillow, and others. From there, photos may be copied on to other websites as well, with or without the permission of the host site. After the close of escrow, or a termination of a listing, Sellers and Buyers are advised it is not possible for the listing or selling broker to remove these photos from websites over which they have no control.
18. **PROBATE SALES AND COURT CONFIRMATION:** An executor or administrator (the "Representative") of a probate estate may sell estate property if it is in the best interests of the estate to do so. The sale of estate real property is typically subject to Probate Court Confirmation. The Independent Administration of Estates Act ("IAEA") provides a simplified method of probating estates with limited court supervision. Under the IAEA, the Representative may list real property with a broker for a period not to exceed 90 days without prior court approval and to sell the Property without court confirmation, unless a person named in the will or other person who is entitled to receive a Notice of Proposed Action objects; in which case court confirmation will be required. The Representative's ability to sell without court supervision or approval under IAEA is not absolute and is conditioned upon there being no objections by interested persons (generally, the heirs). If there is any objection, Court Confirmation may be necessary. Probate property is always sold "As-Is" and certain standard disclosure forms, such as the Real Estate Transfer Disclosure Statement, are not required. However, the Representative must nonetheless disclose all actual knowledge of material facts affecting the value or desirability of the Property.
If Court Confirmation is required and is subject to open competitive bidding (which is true in probate, conservatorship, guardianship, receivership or bankruptcy sales), it is strongly recommended that Buyers personally appear in Court when their offer is scheduled for confirmation. Buyers should understand that in most sales requiring Court Confirmation, the Property may continue to be marketed and that their broker and others may represent other competitive bidders prior to and at the Court Confirmation hearing. Different types of courts have their own rules for how to handle the

possibility of over-bids, including whether initial deposits need to be in a certain amount or whether an over-bid needs to be a specific percentage above the original offer. Any questions regarding the specific rules for the Court where the confirmation hearing is to be held should be directed to the clerk of that Court. It is also strongly recommended that Buyers consult a real estate attorney who is knowledgeable about Court Confirmation sales since real estate brokers/agents are not qualified to provide legal advice.

- 19. PERSONAL PROPERTY AND STAGING ITEMS:** Sellers and Listing Brokers/Agents often engage the services of “Staging” companies to assist in presenting the Property in its best light. The furniture, furnishings and accessories provided by the staging company is removed prior to close of escrow and do not transfer to the Buyers.

Standard Purchase Agreement forms specify that NO personal property is included in the sale unless specifically designated in the Agreement or an Addendum. The MLS entry, flyers and other marketing materials are NOT part of the Purchase Agreement. NONE of the staged furniture or other items (e.g. window treatments, mirrors, rugs, lamps, plants, etc.) is included in the sale. Buyers who wish to purchase any staged items should enter into a separate written agreement with the staging company.

- 20. WATER HEATERS:** Under State law, all water heaters must be braced, anchored or strapped to resist falling or horizontal displacement due to earthquake motion and Sellers of Property must certify to Buyers that the bracing requirement has been satisfied. In addition, water heaters which are newly installed or moved must be raised so their ignition point is 18 inches off the ground. Many other plumbing code requirements may also apply, e.g. gas venting, pipe wrapping, temperature and pressure relief valves, drain valves, bollard protection in garages.

- 21. SMOKE ALARMS AND CARBON MONOXIDE DETECTORS:** California Health and Safety Code §13113.8 requires installation of smoke alarms in residential property. If a TDS is required, the Sellers certify in the TDS that the Property has (or will have prior to Close of Escrow) operable smoke alarms which are approved and installed in compliance with the State Fire Marshal’s regulations and applicable local standards, including installation of alarms with 10-year batteries in all bedrooms before finalizing any permitted contracting work costing \$1,000 or more. State law requires carbon monoxide detectors in living areas of residential properties that have fossil fuel burning appliances, even if those appliance are several floors below, for example, furnaces in the basement of a condominium building. Additional fire extinguishing systems, such as interior sprinklers, may be required for apartments. Buyers should investigate all fire protection requirements with the local Fire Chief.

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

Property may be subject to local ordinances regulating the maintenance, breeding, number or type of animals permitted, or other requirements such as spaying or neutering. Buyers should investigate whether Homeowner and Common Interest Associations have imposed restrictions on animals. Neighbors may have animals that can cause problems including but not limited to noise or odors. Common pets such as dogs can bark, cats are not easily contained, and in some cases more unusual animals (e.g. poultry, exotic birds, and reptiles) may create issues that impact the value, use and enjoyment of the Property.

California is home to a wide variety of animals, birds, reptiles and insect life, including but not

limited to ants, bedbugs, bats, rodents, snakes and larger wild animals such as mountain lions and deer, some or all of which may enter or inhabit the Property and may be difficult to eliminate or control. These creatures can damage landscaping, might be a hazard to people, pets or other animals and may cause issues that impact the Buyers' use and enjoyment of the Property. Proximity to rural or open space areas increases the likelihood of this problem. Buyers should investigate these issues with licensed professionals, including local animal/pest control companies, and/or other qualified agencies or organizations during Buyers' inspection period.

C. FEDERAL, STATE AND REGIONAL CONDITIONS ADVISORIES

23. **a. UNSTABLE HILLSIDES:** Many hillside properties are active and potentially active landslide areas. Many of the geologic forces which have shaped California over the eons are still active today. The only way to determine the nature of the soil and bedrock under a structure, and how these forces may affect those structures, is with a geologic or geotechnical inspection and report.
- b. EXPANSIVE SOILS:** Some parts of the Marin area have expansive or adobe soil which will expand and contract with the wet and dry seasons. This expansion and contraction can cause movement or shifting of structures and their foundations.
- c. HIGH WATER TABLES:** Some parts of Marin County have high water tables that can intensify mold growth and compromise the stability of soil and/or foundation. In addition, high water tables may affect the use and enjoyment of the surrounding land, particularly during months of heavy rain. Buyers should consult the appropriate experts to help evaluate the effect of high water tables on the subject property and, when necessary, consider drainage modifications to protect the structure and improve the use and enjoyment of the surrounding landscape.

Reports from Natural Hazard Disclosure (NHD) companies may not contain all information from all sources regarding the Property and surrounding conditions, and cannot be relied on for all information regarding natural hazards which may affect the Property. Brokers recommend that Buyers have any Property they are purchasing inspected by a qualified geologist, geologic or geotechnical engineer, or other qualified professional.

24. **WET WEATHER CONDITIONS:** At times, this area may have months with heavier than usual rainfall. During these times, hillside properties may be susceptible to earth movement and drainage problems. Properties on flatlands may be susceptible to flooding. Properties which may not have experienced water intrusion into or under the property in the past may experience these conditions as a result of weather-related phenomena. Sellers are obligated to disclose to Buyers those material defects or conditions known to them which affect the value or desirability of the property; however, not all Sellers may be aware of recent changes in the conditions of the property or its improvements caused by unusually wet weather. Because of these factors, it is recommended that, in addition to a home inspection, Buyers have such additional inspections by inspectors or engineers regarding these conditions as Buyers may desire.
25. **CLIMATE CONDITIONS:** Marin County has several micro climates. Buyers are advised that some of these areas are subject to frequent strong winds, wind-driven rain, fog and mist, and direct sunlight, any of which, alone or in combination, can impact the condition of the land as well as prematurely age the interior and exterior of structures. Erosion, warping and cracking of surfaces, failed seals on dual-paned windows, loss of roof shingles, and water intrusion, among other problems, are not uncommon with such properties, and thus these properties require regular, thorough maintenance. Buyers are advised to fully investigate these conditions and the increased maintenance and repairs that may be needed for any Property located in these areas.
26. **PERMIT ISSUES:** Improvements made to any property such as repairs, remodels and additions may have been built or used without all required permits. One such example would be where a second living unit ("in-law unit") is being rented by the Seller but the required permit was not obtained for this in-law unit. An improvement that is made without the required permit can, among other things, have a negative impact on value, require a retrofit, impact habitability, preclude insurance coverage and/or result in fees, penalties, government and/or civil enforcement actions. In some cities, there may be a

lower standard applied in those circumstances where the property owner is obtaining the permits, as opposed to a contractor doing so. Buyers should investigate the permit status of all structures and uses; real estate licensees are not qualified to conduct such off-site investigations.

27. **NONCONFORMING USES, ROOMS, ALTERATIONS OR ADDITIONS:** Any rooms, alterations or additions to the Property which were done without necessary permits or certificates of completion (“nonconforming improvements”) may be subject to fines, permit and construction costs, and other expenses to bring into conformity. Nonconforming improvements may be subject to removal by local building inspection and code enforcement agencies. Nonconforming rental units may be required to be vacated and possibly torn down. It may not be feasible to legalize nonconforming improvements because of zoning, permit and/or other legal or regulatory limitations. Some building inspection and code enforcement agencies may conduct random inspections of properties for permit, code and other violations while the Property is being marketed. Such nonconforming improvements may also be discovered when anyone applies for a permit to do work on the property either before or after escrow closes. Whenever nonconforming uses are discovered, the then-current owner could face expensive repairs, permit fees and other costs and/or even removal of the nonconforming improvement.

While Sellers are obligated to disclose any known nonconforming improvements, Seller may not be aware of some or all illegal improvements or uses especially those that were made prior to Seller’s ownership of the Property. Real estate brokers and agents are not required by law to inspect public records and cannot determine the legal status of improvements based solely on their required visual inspection of the property. Thus, Buyers are strongly urged to investigate possible nonconforming improvements by personally contacting the local building inspection and code enforcement agencies as well as obtaining the advice of contractors, architects, engineers or other professionals regarding the status and condition of the Property prior to removing inspection contingencies.

28. **CODE COMPLIANCE AND ENFORCEMENT:** Even if the Property is new construction, not all aspects, components and structures on the Property may comply with current code. This may be because code requirements have changed since the improvements were first constructed or, in some cases, noncompliant improvements may have been made by the current owner, or even by prior owners without the knowledge of the current owner. Real estate brokers are not qualified to identify code violations. If the applicable city or county building department discovers the code violations, the current owner may be required to bring the property into current code compliance or remove or demolish the portion of the property that is in violation. Various building departments take different approaches to enforcement; some are stricter than others. Prior to removal of the inspection contingency, Buyers should have the home inspected by a qualified home inspector who can identify code violations and comment on local codes, regulations and practices regarding enforcement.
29. **CRIME:** The existence of crime is a fact of urban and suburban life. Some areas experience more crime than others. Crime statistics for various areas and municipalities may rise and fall over time and the incidence of various types of criminal activity may also increase or decrease. At times, local law enforcement agencies may target designated areas for special but temporary enforcement measures. Individual criminal acts may occur in any neighborhood or may occur close to a property that is being sold while other criminal acts may occur far away. Some crimes may be reported in the local news while others are ignored by the media. Because of the ever-changing nature of the statistics and information regarding crimes, neither Seller nor brokers will independently investigate crime or criminal activity in the area of any property being purchased by any means including, but not limited to, contacting the police or reviewing any internet data bases. If criminal activity is a factor in the decision to purchase a particular property, or in a particular neighborhood, Buyers are urged to check with the local law enforcement agencies and online information, prior to removing their inspection contingency.
30. **DROUGHT ADVISORY:** Due to severe drought conditions, water usage has been restricted by many local municipalities and water authorities. Current and future restrictions may impact the Property by limiting water usage and/or increasing water costs. These limitations may affect the quality of life at the Property and the ability to use water in the home or for landscaping, agricultural or livestock purposes. Buyers should thoroughly investigate this issue, including but not limited to: contacting the local water authority; contacting the local government including City and County authorities; and searching various public websites as to whether there are any existing or planned

water limitations. Brokers do not have expertise in water usage rights or limitations, and Brokers do not have an obligation to, and will not, research any water restrictions relating specifically to the Property including but not limited to inspecting public records concerning water usage at the Property.

31. **WATER-CONSERVING PLUMBING FIXTURES:** Existing law calls for installation of water-conserving plumbing fixtures when the existing plumbing fixtures are “noncompliant” by certain dates, as discussed here. A **noncompliant plumbing fixture** means: (1) any toilet manufactured to use more than 1.6 gallons of water per flush; (2) any urinal manufactured to use more than one gallon of water per flush; (3) any showerhead manufactured to have a flow capacity of more than 2.5 gallons of water per minute; and (4) any interior faucet that emits more than 2.2 gallons of water per minute. There are various dates for compliance:

SINGLE-FAMILY RESIDENCES: Under this law, a condo, even a single condo occupied by only one family, is not a single-family residential property. **Until December 31, 2016**, if a single-family residence is altered or improved, the installation of such fixtures must be a condition of final permit approval. However, **after January 1, 2017, all single-family residences built prior to January 1, 1994 must comply with this law by replacing all noncompliant plumbing fixtures whether or not the property is being remodeled or sold.**

Commencing January 1, 2017, Sellers will need to disclose to Buyers, in either the Seller Property Questionnaire (SPQ) or the Exempt Seller Disclosure (ESD) form, if Sellers are aware of whether the Property has any noncompliant plumbing fixtures. If a Seller answers “No” to that question, Buyers should not assume that the Property is fully compliant since the “No” response may merely mean that Seller is unaware or is uncertain as to whether or not any such fixtures are noncompliant. For this reason, as a part of their property inspection of Properties subject to this law, Buyers are urged to have all plumbing fixtures inspected by a qualified professional to determine whether all plumbing fixtures are actually compliant with this law.

MULTI-FAMILY AND COMMERCIAL PROPERTIES: Until December 31, 2018: As a condition of final permit approval, owners must replace all plumbing fixtures with water-conserving fixtures if (1) permits are obtained to increase the floor area by more than 10%; (2) building alterations or improvements exceed \$150,000 in costs; or (3) permits are obtained for a room with plumbing fixtures. **After January 1, 2019:** All multi-family and commercial properties must comply with this law by replacing all noncompliant plumbing fixtures. Also, starting on that date, Sellers will need to disclose to the prospective buyer if the property has any noncompliant plumbing fixtures.

There are two primary water utility districts within Marin: North Marin Water District (NMWD), which serves the Novato area, and Marin Municipal Water District (MMWD), which serves the majority of the county. In Coastal Marin, there are smaller water utility districts (e.g. Stinson Beach, Muir Beach, Inverness, Bolinas). All the districts have specific water conservation requirements which may be more strict than the state law. Buyers may learn more about retrofit requirements by visiting the major water utility websites at: <http://www.marinwater.org> (MMWD) or <http://www.nmwd.com> (NMWD), or by contacting the utility supplying water to the Property. Buyers and Sellers are advised to address any concerns relating to allocating the cost of compliance with all retrofit requirements as part of their negotiations for the Purchase Agreement.

32. **REAL PROPERTY TAXES AND ASSESSMENT DISTRICTS:** The Purchase Agreement addresses payment of real property taxes and assessments relating to the Property. As part of their negotiations for the Purchase Agreement, the parties may decide how to prorate such taxes and assessments; payments on bonds and assessments and their assumption by Buyers; and payment on Mello-Roos and other Special Assessment District bonds and assessments that are now a lien on the Property. The existence of Mello-Roos and 1915 Bond districts will be outlined in a report by a Natural Hazard Disclosure (NHD) company. Most other assessment districts will be reported in the Preliminary Report from the title company. Still others may be disclosed by Seller or local disclosure. The Seller’s tax bill alone does not necessarily reflect all of the costs related to taxes and assessments on real property. If there is a question as to whether an existing bond or assessment will be prorated as of the close of escrow, or whether Seller will pay off the bond or assessment at close of escrow, Buyers are advised

to discuss the matter with the appropriate District prior to removal of the appropriate inspection or title contingency, and to address responsibility for payment of taxes and assessments in the negotiations for the Purchase Agreement.

33. **FIRPTA:** Federal law requires Buyers to withhold and remit to the Internal Revenue Service fifteen percent (15%) of the sales price (or 10% if the property is to be used as the Buyers' residence and the sales price is \$1,000,000 or less) if a Seller is a non-resident alien ("Foreign Investor"), unless a federal exemption applies to the Seller and/or the transaction. Sellers who are relying on the exemption that they are not classified as a Foreign Investor may avoid this federal withholding requirement one of two ways: (a) by providing Buyers with Seller's Affidavit of Nonforeign Status ("Affidavit") which is signed by each Seller under penalty of perjury and includes each Seller's Social Security Number ("SSN") or Taxpayer Identification Number ("TIN"); or (b) if the Escrow Holder provides the Buyers with a Qualified Substitute Statement ("QSS") in which the Escrow Holder, as the Qualified Substitute, states under penalty of perjury that the Substitute has verified the required taxpayer information.

NOTE TO BUYERS: Unless an exemption applies, if Buyers do not obtain either the Seller's Affidavit or the Escrow Holder's QSS, and a Foreign Investor Seller fails to pay taxes due on the sale, the IRS can assess against the Buyers the full 10 or 15 percent of the sales price that should have been withheld, or the Seller's actual tax liability in the sale, whichever is less, plus interest and penalties.

Sellers who are relying on the exemption that they are not classified as a Foreign Investor are required to provide either Buyers or the Escrow Holder with a completed Sellers Affidavit that includes the Seller's SSN or TIN. If after a request, Buyers do not receive either the fully completed and signed Sellers Affidavit, or a properly prepared and signed QSS, then Buyers should either instruct the Escrow Holder to withhold the correct percentage of the sales price, or instruct the Escrow Holder to delay the closing of escrow to enable the Sellers to provide the proper documentation.

Sellers and Buyers are urged to consult with their legal and tax advisors with any questions regarding FIRPTA. Sellers and Buyers cannot agree to waive these federal requirements nor can they sign any agreement that FIRPTA does not apply.

34. **RENTAL PROPERTY FAIR HOUSING:** When rental properties are offered to the public, the owner and real estate agent must act in compliance with all Fair Housing laws and regulations including, but not limited to, providing unrestricted access to potential tenants with service/companion animals. Landlords are required under Fair Housing laws to provide a "reasonable accommodation" for tenants with disabilities; in the case of tenants with disabilities, this includes allowing the tenant to occupy the rented residence with the service/companion animal. The landlord may not charge a "pet deposit" or otherwise charge the tenant for the service/companion animal in any manner different from a tenant without such an animal. Any property owner renting their property should consult with a California real estate attorney specializing in landlord/tenant and Fair Housing issues for advice on any matters related to Fair Housing and service/companion animals.

HUD has issued guidelines for housing providers, landlords and property managers in the use of criminal records in tenant selection, and when that use may be a Fair Housing violation. While it is still legal to take into consideration a criminal record of a prospective tenant in approving an application, the blanket use of criminal records to refuse to rent can be a Fair Housing violation. And the discrimination does not have to be intentional. The violation can occur if the effect of the use of criminal records results in a "disparate impact" on protected classes. Landlords are urged to consult with a qualified California landlord tenant attorney regarding the use of criminal records in tenant selection. The full HUD article can be accessed at:

https://portal.hud.gov/hudportal/documents/huddoc?id=HUD_OGCGuidAppFHASandCR.pdf

35. **SCHOOLS:** Some school districts have experienced financial and academic achievement difficulties and, as a result, may face bankruptcy, reorganization or takeover by a state administrator. Each

school district has its own rules regarding school assignments, and these rules may change at any time with little notice. For these reasons, brokers cannot represent or guarantee that anyone who resides in any particular property will be able to attend any particular school or school district. These and any other factors or concerns of Buyers should be investigated by Buyers prior to removing inspection contingencies in a purchase agreement

- 36. NEW CONSTRUCTION WARRANTIES, DEFECTS AND LAWSUITS:** The Real Estate Transfer Disclosure Statement (“TDS”) requires Sellers to disclose if there are any lawsuits by or against the Sellers threatening or affecting the real property along with questions related to construction defects, citing Civil Code Sections 900, 903, 910 and 914. These codes are part of a law that is often referred to as SB800 or Title 7, which generally applies to residential real property built by a “Builder” (as defined in Section 911) and sold for the first time after January 1, 2003. Section 900 provides for a limited one-year warranty from the Builder and Builders may provide “enhanced protection agreements” which may extend the warranty period. Homeowners are required to follow all reasonable maintenance obligations and schedules communicated in writing by the Builder and product manufacturers, as well as commonly accepted maintenance practices. Failure to do so may provide a defense against a homeowner claim and Builders often require specific pre-litigation procedures and remedies in the event of a claim against the Builder. Sellers who have questions about how to answer this TDS question should consult with a California real estate attorney for advice. If the Sellers disclose any lawsuits or claims, Buyers should investigate such disclosures with a California real estate attorney. Brokers are not qualified to provide advice on these matters.
- 37. PRIVATE ROADS:** If the property is accessed, or affected, by a private road that is shared with one or more other properties, Buyers need to determine the existence of a recorded private road maintenance agreement and compliance with that document. If no such agreement exists, Civil Code Section 845(s) provides that “the cost shall be shared proportionately to the use made of the easement by each owner.” Buyers should contact city/county officials and/or their attorney to evaluate their potential responsibilities.

D. COUNTY AND CITY ADVISORIES

- 38. HVAC/DUCTING:** The California Energy Commission has issued Duct Sealing Requirements which, depending upon certain conditions and the Property location, if a central air conditioner or furnace was installed or replaced after October 1, 2005, the ducts must be tested for leakage. If the ducts leak 15% or more, then repairs must be made to seal the ducts. Additional testing may then be required to verify that the work was done properly. It is strongly recommended that all of this work be done by licensed contractors who should obtain all required permits. Only a contractor who has specialized knowledge regarding HVAC systems can determine whether or not the ducts must be sealed. While portions of Marin County are exempt from this requirement, only a review of the official map of the California Energy Commission can determine whether a particular property is exempt. **See Map for applicable Climate Zones at:**
http://www.energy.ca.gov/maps/renewable/building_climate_zones.html
- 39. SEWER LATERAL PIPE INSPECTIONS:** As part of their investigation of the Property, Buyers should obtain a complete inspection of the sewer pipelines serving the Property, including but not limited to a video camera inspection of the sewer lateral, which is the portion of the sewer that connects a structure to the sewer lines in the street or public right of way. Homeowners are responsible for all maintenance, repair, and replacement of their sewer lateral. Over time, sewer laterals develop cracks which may allow roots and groundwater to enter the sewer lines. Damaged sewer laterals may cause sewage spills and backups that are prohibited by various laws, are unacceptable to the public, harm the Bay and may threaten public health. Special video cameras are used to determine if a sewer lateral is damaged. The Cities of Belvedere, Sausalito, other Marin County municipalities, and some sewer and sanitary districts currently require a pre-close of escrow video or other inspection, testing and repair of the sewer lateral.

Most sewer lateral inspections do not inspect the sewer drain under the house. If the drainpipe under the house is not accessible for inspection, Buyers will need Seller's written authorization prior to a sewer lateral inspection to remove and reinstall toilets if necessary to facilitate any inspection of

sewer drains beneath the structure or slab. Deterioration of under-slab sewer drains on bay front properties, or properties where soil is moist and salt-laden, may not be detected as part of a sewer video inspection.

Buyers and Seller should review the language of any sewer lateral ordinance that applies to the Property to determine the applicable sewer lateral requirements and resolve all sewer lateral issues during their initial contract negotiations. Seller should hire a qualified inspector to evaluate the condition of the sewer lateral and determine whether it is in compliance with local requirements as well as the cost of any needed repairs prior to entering into a purchase agreement. Because existing ordinances may change over time and other governmental agencies within Marin County may enact additional ordinances in the future, it is best to obtain the latest information directly from county and city governmental agencies that may have jurisdiction over the Property, including Sanitation Districts or Sanitary Districts. Buyers should check the following sites to determine the Property's applicable sanitary district and review the relevant ordinances: <http://www.savrbay.com> or <http://lafco.marin.org/index.php/directory-list/sanitary-and-sanitation-districts> or <http://www.marinmap.org/dnn/Home.aspx>

Brokers and agents do not have the requisite expertise to determine potential sewer lateral pipe issues. Buyers and Sellers who need information about sewer laterals including but not limited to testing, repair or replacement and/or the costs that may be involved, which could be significant, should consult an appropriate, licensed professional.

40. **SEWER LATERAL LOAN PROGRAMS:** Several sewer districts have established low interest loan programs for home owners' sewer lateral replacements. Contact specific sewer districts for further information.
41. **SEPTIC SYSTEM/WASTEWATER TREATMENT SYSTEM REGULATIONS:** If the Property has a septic system, it is essential that during Buyers' inspection period, the Buyers secure a current, written report detailing the inspection of the tank and the leach field lines by a licensed, competent professional so as to determine the condition of the system as well as the adequacy of the system for the Buyers' specific needs. Visual inspection of the tank alone is insufficient. Brokers do not have the expertise to make those determinations. Expansion or remodeling of the dwelling may be restricted due to the existence of the septic system. Securing approval for changes in the dwelling may be conditioned upon testing, removal, repair, or other changes to the system which may be expensive. The septic system may not be in compliance with current or future code requirements and code compliance may be required for any future work done on the property. Buyers must investigate these issues with appropriate experts. Brokers cannot determine these issues.

Marin County has a Septic Systems Program designed to protect the health of the public and the environment from the improper disposal of sewage from on-site-sewage systems and greywater systems. The County has guidelines, brochures and frequently asked questions (FAQs) about septic tanks. For more information about Marin County Regulations on the use, maintenance, design, construction and repair of individual sewage disposal systems and alternative septic system, review the County of Marin's website. Buyers should also obtain and review "A Homeowner's Guide to Septic Systems", published by the US Environmental Protection Agency, and available at: https://www.epa.gov/sites/production/files/2015-06/documents/septicSMART_longhomeownerguide_english508_0.pdf

The State of California has proposed and is in the process of refining and enacting new regulations for onsite wastewater treatment systems (OWTS) (sometimes also referred to as "septic systems"). These new regulations, once enacted, will affect many different types of OWTS, including possibly the type of system (if any) that exists on the property. The final regulations may include, but are not limited to, some or all of the following: point-of-sale inspection and repair requirements; ongoing monitoring requirements and professional monitoring contracts; investigations and studies; specific percolation rates; and/or supplemental treatment and disinfection prior to disposal. Accordingly, these regulations may also affect an OWTS that Buyers or future owners intend to develop on the property. These OWTS regulations, and other governmental regulations that affect or that may affect the property, continue to be developed, revised and debated. As part of Buyers' investigation of the property, Buyers are advised to obtain the latest information regarding all applicable OWTS

regulations and any other regulations and ordinances, proposed ordinances, and ballot measures affecting or that might affect the property, by contacting the appropriate governmental agencies. Buyers can get more information about OWTS/Septic System regulations by contacting the State Water Resources Control Board, 1001 I Street, Sacramento, California 95814 or at Post Office Box 100, Sacramento, California 95812; (916) 341-5455 and by reviewing the SWRCB's website at <http://1.usa.gov/lk3mtw>. Current information for Marin County guidelines and requirements are found at <http://bit.ly/NFoJXt>

42. **MARIN COUNTY CELL PHONE RECEPTION DEAD ZONES:** There are some areas of Marin County that have limited or no cell phone or wireless data reception. Buyers are advised to contact their wireless providers to verify the availability and strength of cell phone and wireless data reception for the Property and other areas where such services are important to Buyers. Buyers are also advised to personally conduct their own on-site investigations of the availability and strength of such services at and near the Property and in all other areas where such services are important to Buyers. Brokers cannot and will not verify the availability or strength of cell phone and wireless data reception.
43. **SMARTMETERS™:** There has been controversy nationally regarding the health, safety and security of SmartMeters™ and other types of utility meters that record consumption of energy and communicate that information to the utility for monitoring and billing purposes. Some public agencies and governmental bodies have placed moratoriums on the installation of these meters. Buyers are advised to fully investigate and satisfy themselves regarding the health, safety and security of such meters. Brokers cannot and will not investigate or verify whether or not there are risks associated with SmartMeters™ or other similar meters.

PG&E has developed a SmartMeter™ "Opt-Out" program pursuant to the requirements of the California Public Utilities Commission. For further information regarding PG&E's "Opt-Out" program you can call PG&E at 866-743-0263 or visit their Web site at:

<http://www.pge.com/myhome/customerservice/smartmeter/optout/>

44. **DEFAULT CLEAN ENERGY PROVIDER:** Marin Clean Energy is now the default electricity provider for Marin County. For more information and/or opt-out information, call 1-888-632-3674 or visit <http://www.marincleanenergy.com>

45. **SONOMA MARIN RAIL SYSTEM:**

a. **"SMART" RAIL:** Marin and Sonoma voters approved proposed plans for a passenger train, known as the "SMART Train," that will connect Sonoma County to the San Francisco Bay with 70 miles of rail and trail between Cloverdale and Larkspur. There will also be a parallel bicycle-pedestrian path along the publicly-owned right-of-way. The Sonoma-Marin Area Rail Transit District ("SMART") is the entity that is responsible for planning, constructing and operating the SMART train system. Buyers and Seller can obtain more information about the proposed SMART rail system and pathways by contacting SMART or by going online to: <http://www.sonomamarintrain.org/>. SMART train construction is under way and train service is scheduled to begin in Spring 2017, although service could be subject to potential and unknown delays. Precisely what impact, if any, the SMART rail and related trail transportation system will have on any given property is unknown either before, during or after construction. The construction and/or use of the transportation system may affect people differently. Brokers and agents do not have expertise in this area and Buyers are advised to satisfy themselves with regard to this issue during their inspection contingency period.

b. **FREIGHT TRAIN SERVICE:** Freight trains are expected to start hauling various loads of materials at some point in the future. The trains could run from as far north as Eureka and may travel south through Sonoma County and into Marin County. If the freight trains reach Marin, the freight will travel partially through Novato before heading east at Highway 37 towards Schellville located in Napa County. It is unclear at this time what the freight cargo will consist of or when the trains will start running. For further information, contact the North Coast Railroad Authority, by visiting its website at <http://www.northcoastrailroad.org/> or call: (707) 463-3280.

46. **UNDERGROUND UTILITIES AND PIPELINES:** Some towns and cities have begun the process of burying utility lines underground in order to remove the utility poles in the neighborhood. These

projects can result in special tax assessments and set-up costs for the individual homeowners. It is recommended that Buyers investigate this issue with Pacific Gas and Electric Company (“PG&E”). For locations of other PG&E pipeline inspections and further information about underground PG&E pipelines in the vicinity of the Property, please contact PG&E at its Hotline for Gas Transmission Pipelines: 1-888-743-7431.

47. **GOVERNMENT MANDATED RESALE INSPECTIONS AND REPORTS:** Many cities and towns in the County of Marin require Seller to perform inspections prior to the resale of residential real property. These resale inspections will often note compliance with specific City building codes and in certain instances list permits issued for repairs, remodels and additions to the subject property. If a resale inspection is mandated the Seller must perform the resale inspection and deliver the resale inspection report to Buyers. By way of example, The Town of Ross requires the Seller to perform the resale inspection and obtain the report prior to placing the property on the market for sale. Marin County currently does not require Seller to perform a resale inspection for residential properties located in unincorporated portions of the County. Whether a property is located in an unincorporated portion of Marin County can often be determined by reviewing a preliminary title report on the property or by making an inquiry of a title company. However, even if a Seller is not required by law to perform a resale inspection, Buyers may still request that the Seller perform a resale inspection as part of a purchase negotiation. Buyers are hereby advised that a resale inspection can be obtained from the County with Seller’s prior consent.

The following cities have resale inspection report requirements:

Belvedere	415-435-3838
Corte Madera	415-927-5050
Fairfax	415-453-1584
Larkspur	415-927-5110
Mill Valley	415-388-4033
Novato	415-899-8240
Ross	415-453-1453 (Ext-106)
San Anselmo	415-258-4600
San Rafael	415-485-3097
Sausalito	415-289-4106
Tiburon	415-435-7380

Buyers are advised to carefully review these City-mandated resale inspection reports. If Buyers have any questions about the content of a City mandated resale report, Buyers are advised to contact the City at the number above. Buyers are further advised that County, City and Town inspectors, building department staff, and planning department staff may not always be correct in their opinions and conclusions, and Buyers are advised to consult with appropriate independent professionals and experts to confirm whether governmental staff opinions and conclusions are correct.

Because other governmental agencies in Marin County may in the future enact similar requirements, the parties are advised to obtain the latest information regarding any such applicable requirement, whether enacted or merely proposed, that currently affects or that might in the future affect the Property. Such information may be obtained by contacting all the county and city governmental agencies that may have jurisdiction over the Property.

48. **RIGHT TO FARM:** Marin County Ordinance section 23.03.50 provides as follows: “The County of Marin has established a policy to protect and encourage Agricultural Operations on Agricultural Land. If your real property is located near an Agricultural Operation on Agricultural Land, you may at some time be subject to inconvenience or discomfort arising from Agricultural Operations, including but not limited to, noise, odors, fumes, dust, the operation of machinery, the storage and disposal of manure, and the application of chemical fertilizers, soil amendments, herbicides and pesticides. If conducted in a manner consistent with proper and accepted standards, these inconveniences or discomforts are hereby deemed not to constitute a nuisance for purposes of the Marin County Code.

49. **COASTAL AND BAY REGULATIONS:**

a. CALIFORNIA COASTAL COMMISSION: The California Coastal Commission, in partnership with coastal cities and counties, plans and regulates the use of land and water in the coastal zone, including construction of buildings, divisions of land, and activities that change the intensity of use of land or public access to coastal waters. These activities generally require a coastal permit from either the California Coastal Commission or the local government. Portions of western Marin County are within the coastal zone regulated by the California Coastal Commission. Buyers of property in this area are encouraged to contact the California Coastal Commission at (415) 904-5260.

b. BCDC: The San Francisco Bay Conservation and Development Commission ("BCDC") is charged with the responsibility of restoring Bay wetlands and marshes, preventing wetlands and mudflats from being filled, and supporting the continued and productive use of salt ponds. Marin properties abutting San Francisco Bay, its tidelands and marshes, may be subject to the jurisdiction of the BCDC which may limit building, and impose other requirements on property owners. Buyers of such property are urged to contact BCDC at (415) 352-3600.

50. ENDANGERED SPECIES/WILDLIFE: Under the Federal Endangered Species Act (16 U.S.C. §§ 1531-1544) and the California Endangered Species Act (Fish & Game Code § 2050 et seq.), all species that have been listed as "endangered," "threatened," or in some cases species that are "candidates" for declaration as endangered or threatened are protected from, among other things, being killed, harassed, harmed, hunted, wounded or trapped in any way. To determine if the Property is within a designated critical or essential habitat, contact the U.S. Fish and Wildlife Service at www.fws.gov and the California Department of Fish and Game at www.wildlife.ca.gov

51. NATIVE AMERICAN ARTIFACTS: There have been discoveries of Native American artifacts and burial remains in the Gerstle Park area of San Rafael, in Novato, and may be found in other areas of Marin County. Sellers are advised to disclose if any such artifacts or remains are present on this property. Buyers are advised to consult with any, or all, of the following public agencies to obtain information on this subject:

Northwest Information Center. Telephone: 707-588-8455 (E-mail: nwic@sonoma.edu). They work, for a fee, on archaeological issues that confront builders and municipalities.

State of California - California State Parks, Office of Historic Preservation, P.O. Box 942896, Sacramento, CA 94296. Telephone: 916-653-8380 (E-mail: calshpo.ohp@parks.ca.gov)

52. CITY OF BELVEDERE – CULTURAL, ARCHAEOLOGICAL AND HISTORIC RESOURCE PRESERVATION: The City of Belvedere has added an Element to their General Plan addressing the preservation of their historic and prehistoric resources. All parcels located within the city boundaries have been reviewed and maps of "Prehistoric Resource Sensitivity" and "Historic Resource Sensitivity" have been prepared. The sensitivity of the parcels on these maps is designated as either "High", "Medium" or "Low". The purpose of this mapping is to make parcel owners aware of the sensitivity of their parcel. This designation is advisory only. During the Resale Inspection required by the City, the prospective Buyers will be made aware of the designation of the property under consideration. This designation is important to the Buyers, especially if the Buyers wish to make any significant changes or remodeling to the property, either at the time of purchase or later. The sensitivity of the parcel could have a significant impact on such plans. Buyers of property in the City of Belvedere are encouraged to contact the City Planning Department for more information on this issue.

53. HAMILTON ARMY AIRFIELD HOUSING DEVELOPMENT – ENVIRONMENTAL ISSUES: Hamilton Army Airfield ("Hamilton"), near Novato, California, is a former military base that for some time has been undergoing a conversion to housing and commercial use. Prior to the initial conversion, a widespread environmental clean-up was conducted and those clean-up activities continue at some sites to this date. There is potential that additional residential and commercial development may be built at that site in the future which may also impact surrounding developments.

A former garbage dump in Hamilton has been found to be emitting methane gas and in response the Army Corps of Engineers has built a system intended to alleviate any danger, such as explosion or

pollution, from these emissions. Another site under study and remediation effort is a Methyl Tertiary Butyl Ether (MTBE) plume migrating within the groundwater in a northerly direction from the old Navy gas station parcel. The residential developments in Hamilton obtain their drinking water from the North Marin Water District (NMWD) and are not dependent on a neighborhood well or water supply system that draws from this contaminated groundwater. However, that groundwater may be used for other purposes and should be tested. Some current housing is adjacent to or is built partially over this plume of contaminated groundwater (including the Sunny Cove and Newport subdivisions).

Buyers are advised to investigate and inquire with local jurisdictions and professionals during the period specified for Buyers' investigation regarding these and other matters related to housing at Hamilton.

54. **SAN ANSELMO RESIDENTIAL SECOND UNIT RENT LIMITATION:** In June, 2003, the City of San Anselmo adopted an ordinance limiting second residential units. Units in existence prior to that date may be exempt from this ordinance within certain limitations. Construction of new second residential units after that date is subject to limitations including the amount of rent that may be charged. Buyers are advised to check with the City of San Anselmo Planning Department if the property being purchased is in San Anselmo and has an existing second residential unit, or if Buyers are contemplating adding a second residential unit.
55. **RESTRICTIVE PARKING ORDINANCES:** Certain towns and cities in Marin County have ordinances that restrict parking in residential as well as in commercial areas. Overnight on-street parking is strictly controlled in some locations. Buyers are advised to inquire with the local jurisdiction, during the period specified for Buyers' investigation, regarding on-street parking restrictions in the neighborhood where Buyers intend to purchase.

F. ATTORNEY AND ACCOUNTANT RECOMMENDATIONS:

In addition to the professional service providers Buyers will retain to inspect and analyze the property being purchased or sold, a situation may arise during the course of Buyers' purchase transaction that requires Buyers to either make an important decision, or select a plan of action that could result in significant legal consequences and substantial impact on Buyers' personal finances. The most prudent and best plan is to identify a certified public accountant and real estate attorney in advance of the sale or purchase of the property so that Buyers and Sellers can quickly contact and seek the proper financial and/or legal advice and guidance if needed during the transaction. If a 1031 exchange is contemplated, also contact an exchange accommodator to discuss the proper method and timing of the exchange.

G. THE PARTIES ACKNOWLEDGE THE FOLLOWING REGARDING BROKER:

- Broker does not warrant or guarantee the condition of the Property.
- Broker shall not be responsible for failure to disclose to Buyers facts regarding the condition of the property where the condition (i) is unknown to Broker or (ii) is not capable of being seen by Broker because it is in an area of the property that is reasonably and normally inaccessible to a Broker;
- **Broker has not verified square footage, size of structures, acreage or boundary lines of the property; representations made by others; information received from public records, Seller or other third parties; information contained in inspection reports or in the Multiple Listing Service, or that has been copied therefrom; or statements in advertisements, flyers or other promotional material; or any other matters described in this Disclosures and Disclaimers Advisory; unless otherwise agreed in writing;**

- Broker does not guarantee, and shall not be responsible for, the labor or services or products provided by others to or on behalf of Buyers or Seller and does not guarantee, and shall not be responsible for, the quality, adequacy, completeness or code compliance of repairs made by Seller or by others;
- Broker does not decide what price Buyers should pay or Seller should accept;
- Broker is not qualified to give legal, tax, insurance or title advice; and
- Brokers lack professional expertise in the areas listed above, and do not verify the results of any inspections or guarantee the performance or reports of any inspection or professional services.
- **Buyers and Sellers are advised to investigate and choose their own service providers to conduct investigations and advise them on these and all matters related to the sale and purchase of real property. In these and all other matters referred to in this Disclosures and Disclaimers Advisory, Buyers and Sellers are advised to seek any desired assistance from appropriate qualified professionals. Nothing any real estate licensee may say will change the terms or effect of this Advisory. This document may be signed in counterparts.**

ELECTRONIC SIGNATURES

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

WIRE FRAUD SCAM ALERT

Recently there is a small but growing scheme in which Buyers and Sellers have received e-mails from their agent or an escrow company providing wire transfer information for money from Buyers to Escrow, or to Seller for proceeds from Escrow. Hackers intercept these e-mails and then alter the wire transfer instructions to re-direct the funds to the hacker's account with an off-shore bank. **DO NOT EVER WIRE FUNDS PRIOR TO CALLING THE ESCROW OFFICER AT THE NUMBER PREVIOUSLY PROVIDED TO YOU and confirming verbal wire transfer instructions before taking steps to have the funds transferred.** If you have received questionable wiring instructions, notify your bank, real estate agent and the Escrow Holder, as well as the FBI at: <https://www.fbi.gov/> and the Internet Crime Complaint Center at: <http://www.ic3.gov/>

THE UNDERSIGNED ACKNOWLEDGE RECEIPT OF ALL 20 PAGES OF THIS ADVISORY

Dated: _____ Buyer _____

Dated: _____ Buyer _____

Dated: _____ Seller _____

Dated: _____ Seller _____