

# STANDARD COMMERCIAL INSPECTION AGREEMENT

THIS IS INTENDED TO BE A LEGALLY BINDING CONTRACT, PLEASE READ IT CAREFULLY

Client: \_\_\_\_\_ Report #: \_\_\_\_\_

Address: \_\_\_\_\_

**SCOPE OF THE INSPECTION:** The real estate inspection to be performed for Client is a survey and basic operation of the systems and components of a building which can be reached, entered, or viewed without difficulty, moving obstructions, or requiring any action which may result in damage to the property or personal injury to the Inspector. The purpose of the inspection is to provide the Client with information regarding the general condition of the building(s).

Inspector will prepare and provide Client a written report for the sole use and benefit of Client. The written report provides documentation of material deficiencies in the building's systems and components which are not functioning or are at the ends of their service lives.

The inspection shall be performed in accordance with the Commercial Standards of Practice of the California Real Estate Inspection Association (CREIA<sup>SM</sup>), attached hereto, and incorporated herein by reference, and is limited to those items specified therein.

**CLIENT'S DUTY:** Client understands and accepts that an inspection and report in accordance with this Agreement is intended to reduce, but can not eliminate, the uncertainty regarding the condition of the building. Client agrees to exercise reasonable care in considering all facts that are known to or are within the diligent attention of Client in determining the condition of the building.

Client agrees to read the entire written report when it is received and promptly call Inspector with any questions or concerns regarding the inspection or the written report. The written report shall be the final and exclusive findings of Inspector.

Client acknowledges that further investigation of a reported condition by an appropriate specialist may provide additional information which can significantly affect the Client's decision. Client agrees to obtain further evaluation of reported conditions prior to the close of the transaction or transfer of title.

In the event Client becomes aware of a reportable condition within the time limitation of this Agreement, which was not reported by Inspector, Client agrees to promptly notify Inspector and allow Inspector and/or Inspector's designated representative(s) to inspect said condition prior to making any repair, alteration, or replacement. Client acknowledges and agrees that failure to comply with this clause is a material breach of this Agreement.

**ENVIRONMENTAL CONDITIONS:** Client agrees what is being contracted for is a building inspection and not an environmental evaluation. The inspection is not intended to detect, identify, or disclose any health or environmental conditions regarding this building or property, including but not limited to: the presence of asbestos, radon, lead, urea-formaldehyde, fungi, molds, mildew, PCBs, or other toxic, reactive, combustible, corrosive contaminants, materials, or substances in or on the water, air, soil, or building materials. The Inspector is not liable for injury, health risks, or damage caused or contributed to by these conditions.

**GENERAL PROVISIONS:** The written report is not a substitute for any transferor's or agent's disclosures that may be required by law or a substitute for Client's independent duty to reasonably evaluate the property prior to the close of the transaction. This inspection Agreement, the real estate inspection, and the written report do not constitute a warranty, guarantee, or insurance policy of any kind whatsoever.

**LIMITATION ON TIME TO BRING A CLAIM:** The parties agree that no legal action or proceeding of any kind arising out of or relating to this Agreement, including those sounding in tort, contract, equity, or otherwise, can be commenced against either party hereto, their spouse, Company or its officers, agents, or employees more than one year from the date of the inspection.

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their heirs, successors, and assigns.

**ENTIRE AGREEMENT:** This Agreement constitutes the entire integrated

agreement between the parties hereto pertaining to the subject matter hereof and may be modified only by a written agreement signed by all of the parties hereto. No oral agreements, understandings, or representations shall change, modify, or amend any part of this Agreement.

**AUTHORITY:** Each party signing this Agreement warrants and represents that he/she has the full capacity and authority to execute this Agreement on behalf of the named party. If this Agreement is executed on behalf of Client by any third party, the person executing this Agreement expressly represents to Inspector that he/she has the full and complete authority to execute this Agreement on Client's behalf and to fully and completely bind Client to all of the terms, conditions, limitations, exceptions, and exclusions of this Agreement.

**SEVERABILITY:** Should any provision of this Agreement be held by a court or tribunal of competent jurisdiction to be either invalid or unenforceable, the court or tribunal shall be allowed to refashion such provision to accomplish the intent thereof in a manner consistent with the law; however, in all events the remaining provisions of this Agreement shall remain in full force and effect, unimpaired by the refashioning or severing of the invalid or unenforceable provision.

**MEDIATION:** The parties to this Agreement agree to attend, in good faith, mediation with a lawyer with at least 5 years of mediation experience, or an active or retired judge, before any formal claim or lawsuit is filed. All notices of mediation must be served in writing by certified mail, return receipt requested allowing 30 days for response. If no response is received within such 30 day period, the moving party may then demand binding arbitration under the terms and provisions set forth below.

**ARBITRATION / GOVERNING LAW / JURISDICTION:** THE PARTIES AGREE THAT ANY DISPUTES, CLAIMS, OR DEMANDS ARISING OUT OF OR RELATING TO THE INTERPRETATION OR ENFORCEMENT OF THIS AGREEMENT, THE INSPECTION, THE INSPECTION REPORT, OR ANY OTHER CLAIMS ARISING OUT OF OR RELATING TO THIS RELATIONSHIP IN GENERAL BETWEEN THE PARTIES CREATED BY THIS AGREEMENT AND THE SERVICES PROVIDED HEREUNDER, SHALL BE RESOLVED BETWEEN THE PARTIES BY BINDING ARBITRATION CONDUCTED IN ACCORDANCE WITH AND PURSUANT TO CALIFORNIA LAW, WITHOUT REGARD TO THE PRINCIPLES OF CONFLICTS OF LAW. THE PARTIES AGREE THAT CALIFORNIA SHALL HAVE EXCLUSIVE JURISDICTION FOR ANY AND ALL CLAIMS HEREUNDER. THE PARTIES AGREE TO SELECT AN ARBITRATOR WHO IS FAMILIAR WITH THE REAL ESTATE PROFESSION. THE PARTIES AGREE THAT THEY SHALL BE ENTITLED TO DISCOVERY PROCEDURES WITHIN THE DISCRETION OF THE ARBITRATOR. THE ARBITRATOR SHALL MANAGE AND HEAR THE CASE APPLYING THE LAWS OF THE STATE OF CALIFORNIA TO ALL ISSUES SUBMITTED IN THE ARBITRATION PROCEEDING. THE AWARD OF THE ARBITRATOR SHALL BE FINAL, AND A JUDGMENT MAY BE ENTERED ON IT BY ANY CALIFORNIA COURT HAVING JURISDICTION. THE PARTIES AGREE ANY AND ALL DISPUTES, CLAIMS, OR DEMANDS HEREUNDER ARE TO BE ARBITRATED BY JUDICIAL ARBITRATION AND MEDIATION SERVICE (JAMS®). THE PARTIES UNDERSTAND AND AGREE THAT THEY ARE WAIVING ANY AND ALL RIGHTS TO TRIAL BY JURY BY VIRTUE OF THIS AGREEMENT.

Client Initials: \_\_\_\_\_ Inspector Initials: \_\_\_\_\_