



DUE DILIGENCE CONTINGENCIES ADDENDUM

Prepared by: Agent _____ Phone _____
Broker _____ Email _____

DATE: _____, 20_____, at _____, California.

Items left blank or unchecked are not applicable.

FACTS:

1. This is an addendum to the following agreement:

- Purchase Agreement Counteroffer
- Escrow Instructions _____

- 1.1 dated _____, 20_____, at _____, California,
- 1.2 entered into by _____, as the Buyer, and
- 1.3 _____, as the Seller,
- 1.4 regarding real estate referred to as _____.

DUE DILIGENCE CONTINGENCIES:

In addition to the terms of the above referenced agreement, Buyer and Seller agree to the following:

- 2. Within _____ days after receipt, or access has been made available, of all items checked below for buyer's review, Buyer may terminate the agreement based on Buyer's reasonable disapproval of any conditions checked below.
 - 2.1 Buyer and Buyer's representatives and consultants will not disclose to any third party the contents of any documentation or information provided by Seller or Seller's representatives to fulfill Seller's duties under this agreement.
 - 2.2 In the event Buyer does not acquire ownership of the property, Buyer to return to Seller all items received from Seller or Seller's representatives.
- 3. Seller to hand Buyer copies, or make available for Buyer's review, each of the following checked items as soon as reasonably practicable after entry into this agreement.
 - 3.1 A Rental Income Rent Roll statement itemizing, by unit or space, the tenant's name, monthly rent amount including CAMs and other additional rent fees, rent due date, delinquencies and the amount in arrears, rental period and expiration date, any incentive rent-free arrangements and bonuses or discounts, utilities paid by landlord, security deposits and prepaid rent, furnishings supplied, broker fees due or to become due under the leases. [See ft Form 352-1]
 - 3.2 Tenant rental or lease agreements, including any riders, modifications or amendments and side agreements; any option rights to renew or extend, lease additional space or purchase the property; and any pre-expiration cancellation rights and penalty amounts. A tenant turn-over report and an eviction report, by unit or space, for the current and two preceding years.
 - 3.3 Operating income and expense records, the current year-to-date and two preceding years' profit and loss statements (or schedule E) and capital expenditures for the property, and operating and capital budgets for this and the following year.
 - 3.4 Property management agreements and a list of employees including their compensation schedules, and leasing agent listings to locate tenants.
 - 3.5 Maintenance agreements, outstanding work orders and other service or supply agreements related to the operation of the property.
 - 3.6 Utility, cable/TV, internet and phone bills, property and business tax bills, assessment statements for any rent control and special district improvement bonds.
 - 3.7 Invoices and copies of advertising and marketing for units or spaces during the past two years, along with any marketing budget and plans for this year and next.
 - 3.8 Interview of individuals involved in the management and operations of the property and administration of the property's financial books and records.
 - 3.9 Natural Hazard Disclosure Statement issued by a geologist and signed by Owner, and any geological reports relating to the property and possessed or known to Owner. [See ft Form 314]

- 3.10 Conditions of property disclosures prepared and signed by Owner. [See **ft** Form 304 and 304-1]
- 3.11 Seller's Neighborhood Security Disclosure prepared by Owner setting forth criminal activity on or about the property during the past two years relevant to the security of persons and their belongings on the property, and any security arrangements undertaken or which should be undertaken in response. [See **ft** Form 321]
- 3.12 Appraisals, feasibility studies, and market studies relating to the value and rentability of the properties.
- 3.13 Soil reports, pest control reports, ADA compliance reports, structural or component reports by architects or contractors and other similar reports or studies.
- 3.14 ALTA survey, topographical studies, plans and specification of improvements and engineering of the site.
- 3.15 An inspection of the property by prospective Buyer or consultants within ____ days after mutual agreement to this letter.
- 3.16 All government related licenses, permits, mapping of the parcel, certificates of occupancy, building inspections, health and safety reports, environmental impact and conditions reports or studies known to Owner, and copies of relevant local zoning ordinances affecting the use or operation of the property.
- 3.17 Warranties or guaranties on fixtures or components of the property improvements.
- 3.18 Preliminary title report for the policy of title insurance, which Seller will cause escrow to hand Buyer as soon as reasonably possible after acceptance.
- 3.19 Itemized inventory of the personal property, including any trade fixtures, owned or leased by Owner and used in the operation or maintenance of the property.
- 3.20 All effective insurance policies relating to the property and liability of Owner for its operations, statements of premiums, and any claims made under any insurance policy covering the property during the past _____ years, including claims made against building contractors.
- 3.21 The note, trust deed or related documents for each monetary lien on the property to include any restrictions, limitations or conditions on occupancy, rents, use, encumbrance, conveyance or reconveyance.
- 3.22 Disclosure by Owner of any other conditions not here itemized and known to Owner which might adversely affect the value, use and operations of the property.
- 3.23 Any other items prospective Buyer may reasonably request to complete his due diligence investigation and review of the property and records.
- 3.24 Additional requested items of documentation or information include:

Buyer: I agree to the terms stated above.
 Date: _____, 20____

 Buyer's Signature: _____

 Buyer's Signature: _____

 Buyer's Signature: _____

Seller: I agree to the terms stated above.
 Date: _____, 20____

 Seller's Signature: _____

 Seller's Signature: _____

 Seller's Signature: _____