

REAL ESTATE DISCLOSURES & CONSUMER INFORMATION PACKET

FOR REAL PROPERTY PURCHASE TRANSACTIONS

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

AGENT SERVICES: Regardless of whom they represent, REALTORS® can provide a variety of information and assistance to all parties in a real estate transaction. For example, REALTORS® can assist customers by performing ministerial acts such as supplying information about available properties and sources of financing, describing and showing properties, assisting in preparing and submitting purchase offers or counteroffers, or providing information about settlement procedures.

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

Any information provided at any time by the real estate firm or agent or the firm's Broker involved in any way in the showing of real property or during any phase of the real estate transaction from pre-initial inquiries by the buyers through the closing and post settlement may be deemed to be presented in good faith within the scope of the Real Agent's or Broker's professional real estate qualifications & duties, but such information cannot be guaranteed.

Representation by a licensed agent in a real estate transaction does not relieve buyers and sellers (Principals) from the fundamental responsibility to protect their own interest. A buyer should take all reasonable steps to determine the condition of the property the buyer is purchasing.

As the buyers, it is your sole responsibility to perform whatever due diligence you deem necessary to independently verify any and all information in connection with the real estate transaction, to seek professional advice in regard to any facet of the transaction and/or by making inquiries to the appropriate government agencies, or by retaining your own professional service providers in regard to any and all matters that you as the buyer deem important in reaching a decision to purchase any real property, including but not limited to; determining property values and setting the price you want to use in your offer to purchase, seeking legal or tax advice or on issues involving zoning, land planning, availability of public facilities, future road plans (such as Rt 37 around eastern Winchester-crossing I-81, Rts 522, 50, 7 & 11 & Senseny Rd etc) or utilities, checking master plans, searching public records for documents such as plats, deeds, deed restrictions, land titles, septic and well permits, building permits, school districts/school bus routes, airports or air strips such as Winchester, Timber Ridge, Dulles etc, arranging for property inspections of any type, radon inspection, septic/well inspections, engineering studies, inspecting for the presence of polybutylene pipe, checking on any leaking of underground tanks, presence of artificial stucco, asbestos, water leakage, mold, chemicals, or any environmental assessments and/or studies-including any area environmental issues or hazards, Karst soils/sinkholes (more prevalent in certain areas of the valley) HOA's, Condos, HOA Restrictive Covenants, assessments of the dangers of nearby power lines or proposed power lines, such as may be built through the SW part of Frederick County to Loudoun County, or the proposed line adjacent to the existing lines in the NW/NE portion of Frederick County into WV and MD, (Check power companies/regulatory agencies for proposed routes and approval status), or any other potential contaminant or concern you may have about a property.

Also refer to the following sections dealing with recommended inspections. The price to be paid for a property is determined solely by agreement between the buyer and the seller. The contract price may be supported by an independent appraisal paid for by the buyer and approved and underwritten by the buyer's lender. The appraisal is ordered by your lender. You agree that the Broker/Real Estate Agent is not responsible or liable for any loss of value that may occur when purchasing a property as the real estate market has many up and down cycles over time.

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

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

In an individual real estate transaction, if a brokerage firm ("Broker") has a contractual obligation to represent a buyer or a seller ("Client"), then the Broker shall promote the interest of the Client by:

- (a) performing the terms of their contractual agreement;
- (b) obtaining a transaction at a price and terms acceptable to the Client;
- (c) presenting in a timely manner all written offer or counteroffers to and from the Client;
- (d) disclosing to the Client all material facts related to the property or concerning the transaction of which they have actual knowledge;
- (e) accounting for in a timely manner all money and property received in which the Client has or may have an interest.

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

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

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

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

SCOPE OF REPRESENTATION: The Buyer's Real Estate Agent and Broker agree to exercise due diligence and reasonable efforts to achieve the purpose of the agency relationship as agreed upon in the Buyer Broker Representation Agreement. Buyer, Real Estate Agent and Broker agree that the scope of the Real Estate and Broker's representation of the Buyer is limited by the terms of this additional disclosure and is made a part of the Buyer Broker Representation Agreement. The Real Estate Agent and Broker shall not have the duty or responsibility to perform the following: (1) decide the purchase price of the subject property; (2) guarantee the condition of the subject property; (3) have responsibility or liability for defects that are not known to the Real Estate Agent or

Broker and are not observable by a reasonably diligent visual inspection of accessible areas of the subject property; (4) verify, inspect, guarantee or warrant the repairs performed by or at the instruction of the Seller; (5) identify property boundary lines or verify lot size or square footage; (6) verify inspection reports and representations of others, including, but not limited to termite or pest control inspectors or their clearance, contractors, home inspectors, soils or other engineers, and any other inspections or representations made by others concerning the condition of the subject property; (7) provide legal or tax advice; (8) inspect areas off the site of the subject property; (9) obtain, review or verify permits, or determine property value; (Note: Property values are determined by many factors including among other factors-the sale price as agreed between a willing buyer and a willing seller, or an appraisal paid by a buyer or a value on which a lender will loan etc) (10) inspect public records concerning the title or use of the subject property or nearby properties; (11) investigate or advise on soil stability, geologic conditions, drainage, hazardous substances, structural conditions of improvements, or the condition of the roof, heating, air conditioning, plumbing, electrical, well, sewer, septic, waste disposal or any other systems; (12) provide any advice or information that exceeds the knowledge, education and experience required to obtain a real estate license.

VIRGINIA LEGAL REQUIREMENTS: Virginia law requires that in order to be enforceable, all contracts for real property must be in writing. There is a recommended contract form that can be shown to you and that may be modified in any way to accommodate the needs of the parties. You have the opportunity to consult legal counsel concerning the contract or related documents as well as any other questions you may have about the various laws concerning real estate transfers that are referenced in the suggested contract form.

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

PRESENCE OF ELECTRO-MAGNETIC FIELDS: If overhead power lines exist near the property being considered, buyers should be aware that some experts believe that the presence of overhead power lines and Electro Magnetic Fields (EMF's) associated with power lines may present a variety of health risks. Other experts do not feel that overhead power lines and EMF's are causally linked to any conclusive health problems. In addition, among experts who believe that the power lines and EMF's present a health risk, there is a lack of agreement among experts as to how close in proximity the power lines need to be to present potential health risks. The Real Agent and Broker are not experts in these matters and are not representing to the buyers one way or the other whether power lines and EMF's cause health problems but are simply confirming that the buyers have been advised about the issues involving the presence of power lines in proximity to the property and the potential that these power lines may present health risks. The Real Estate Agent and Broker are also confirming that they have explained to the buyer's that the presence of the power lines could decrease the value of the property to future buyers. Buyers should conduct their own research by contacting the power company or an environmental engineer before proceeding with the purchase. Purchasers are advised to do your own due diligence in regard to two major power line expansions that affect the Shenandoah Valley..one traverses the SE portion of Frederick County into Warren and into Northern Virginia, and the other is a major expansion of the existing lines running from WV through the northeast part of Frederick County through the Gore and Gainesville areas....this line will require an additional 200 foot wide swath.

BEDROOM LOCATIONS AND RELATED SAFETY ISSUES: Some homes may be listed in the MLS System or in agent marketing as having rooms that are being used as bedrooms in the lower levels, basements, attics or other areas of the structures on the property that may not have a direct exterior access without having to pass through other areas of the building to safely exit. Some of these rooms may not have windows, or may have windows that are too small to exit, thus possibly trapping the occupants. In the event of an emergency, egress from these types of rooms may not be possible and serious injury or death may occur. Do not use these type rooms as bedrooms.

MLS SYSTEM: Information contained in the MLS Listings or the public records in connection with the property are believed to be accurate, but should not be relied upon without buyers own due diligence to independently verify ALL information contained therein or which may be provided to the buyers from the sellers or others either directly or via the Real Estate Agent or Broker. Accuracy of square footage, locations of school districts, bus routes, schools, lot size, whether there is or is not public water and sewer or if there is a septic and well, number of bedrooms (sometimes listed with more bedrooms then septic system is permitted for...allow for study period so you can check health department records to be sure) and/or ANY other information in the listings and/or public records are not guaranteed by the Real Estate Agent or Broker.

Neither the listing agent nor the buyer agent has measured the square footage of the property. Any measurements shown in the MLS were probably auto-generated by the MLS system. The data is pulled from the public records of the jurisdiction in which the property is located. Often this data is inaccurate.

Measurements that may be shown are for marketing purposes only and may not be exact and is not for loan, valuation or other purpose. If exact square footage is a concern, the buyer should have it independently measured. Any independent measurement or investigation must be completed prior to the date that the home inspection contingency deadline stated in the contract.

If any info in the MLS system or in other documents supplied by anyone in connection with the transaction is important to you, you must obtain your own independent verification as to its accuracy. Neither the Broker nor the agents shall be responsible for any typographical errors, misinformation or misprints in the property listings or public record, maps, tax assessor tax maps or aerial photos appearing in the MLS system, on the internet or in any type of printed materials. The MLS listings may be modified by the seller and their Real Estate Agents and Broker at any time without any prior notice.

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

REMINDER: It is up to you to confirm that the property your buying is served by well/septic, or public water/sewer regardless of the type of system that may be described in the MLS. Sometimes, even the seller is unaware that the property is on a septic system. It may have been described to them in a previous transaction that the property was served by public sewer, when in fact it's on a private septic system. Doing a video inspection of the lines to ensure that they are not obstructed and appear to be working satisfactorily is strongly recommended and it will help determine if there is an onsite septic, or if the home is connected to public sewer. As an example, there are still numerous homes within the Winchester City limits and in Middletown or Stephens City or other areas that are on public water, but are on still septic systems.

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

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

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

HOMEOWNERS INSURANCE DISCLOSURE: The lender may require purchasers to buy a hazard insurance policy from the insurance company of their choice, subject to the lender's approval. Purchaser should be aware that many factors affect the availability and cost of hazard insurance on the Premises. Depending on the insurance company, these factors may include past insurance claims filed on the Premises, past insurance claims filed by Purchaser, and Purchaser's credit history. In addition, flood insurance may be required on the property. Purchaser should contact an insurance agent at the earliest opportunity to arrange for hazard insurance and, if necessary, flood insurance on the property.

The insurance industry is facing a homeowner's insurance crisis. A home that is covered by homeowners insurance today may not be insurable from the same insurance company or any other insurance company at the close of escrow. If an insurance company does offer coverage it may not be at the same premium or terms as the expiring premium and/or the coverage provided by the insurance policy may not be the same as the expiring policy. Most insurance companies offering homeowners insurance are using the services of the Comprehensive Loss Underwriting Exchange or CLUE report.

This report is being used in underwriting not only the specific property but also the buyer of the property. Insurers may deem the buyer or the property uninsurable based on the information in this report, or other underwriting guidelines. Buyer(s) are advised not to assume that the property is insurable or that the premium that the seller is paying for homeowners insurance will be the premium that the new buyer will be paying. As early as possible in the transaction, the buyer is advised to seek homeowner's insurance coverage on the home to be purchased. Real Estate Agents and Brokers are not qualified to advise on any type of insurance. Buyer(s) acknowledge that they have been informed that it is their responsibility to obtain homeowners insurance on the home they are purchasing and that they have not relied on any representations, express or implied, made by the real estate agents or brokers as to the availability of homeowners insurance coverage.

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

ZONING, PERMITS, MASTER PLANS: Prior to execution of a contract, you may review the applicable Master Plan for the appropriate jurisdiction, including maps showing planned land use and proposed or actual parks, roads, or other facilities. (Or include a study period contingency in the contract to allow buyer time to evaluate these issues, or contact the various government agencies) These can be found at the planning offices of various jurisdictions and at some local libraries. Whether permits, building code compliance, and/or zoning clearances were obtained for the construction of any improvements, alterations, modifications or remodeling of the subject Property is unknown to the agent and broker. Whether such construction was performed by the present or previous owner(s) and whether performed by a licensed or unlicensed contractor is unknown to the agents or brokers. You are advised to investigate these matters. Permits, certificates of occupancy and building code violations may be obtained by a search of the public records at the Department of Building Safety (or similar entity of the applicable municipality) or from an inspection service company that provides such information for a fee.

If there are any structural additions on the Property for which a permit or certificate of occupancy was not obtained or which are not in compliance with applicable codes and other laws, you may be required to incur expenses after settlement to bring the Property up to current codes and other applicable laws, or to demolish the subject additions.

Broker and Agent make no representations as to any permits or certificates of occupancy for the Property, regardless of whether provided by the Department of Building and Safety (or similar entity) or another source. Broker and Agent are not qualified to interpret or explain permits, building codes, uses or certificates of occupancy. You should consult with your own inspectors or other professional advisors and appropriate governmental authorities regarding permits, building code compliance, and/or zoning clearances.

SETTLEMENT/TITLE INSURANCE: Settlement firms are generally chosen by the buyer. Most real estate settlement firms (either a title company or attorney) will handle both the buyer and seller sides of the transaction, but, they do not individually represent either the buyer or the seller in that specific transaction. They are licensed by the Commonwealth of Virginia to conduct real estate settlements. Therefore, if you choose a real estate attorney or your personal attorney to handle the settlement, he/she may not then be able to fully represent you individually on any legal issues involving that specific transaction. Exception: You can use your own attorney under certain circumstances as long as the attorney is acting solely for you and is not acting on behalf of the "settlement."

Each side will then use their own closing services. Please discuss this with your settlement agent/attorney when you begin to make arrangements for your closing. Ask the settlement agent about the different types of Title Insurance.....lenders, Owners and Enhanced Owners Title that may benefit you and help protect your interests to the title to your property. The Real Estate Agent

and/or Broker URGE you to obtain an Owners Title Insurance Policy as an added protection to you and your heirs against unknown title defects. Also ask the settlement agent to immediately order the title search to avoid any last minute title issues.

POSSESSION OF THE PROPERTY: Sellers are not obligated to deliver the keys to the property to you until settlement has occurred. . . . settlement usually occurs when the deed of conveyance has been recorded so that the sellers' sale proceeds are available to the seller. You need to arrange your closings and move-in dates such that cleared funds from the lender and the buyer are delivered to the settlement agent prior to 2 pm, otherwise the deed cannot be recorded that same day. Until the deed is recorded, the lender can still withdraw the loan proceeds and cancel the sale, or the lender could go out of business. (These scenarios have actually often occurred) Some lenders also require the closing docs be returned to the lender for verification prior to recording. That may cause you additional delays in getting the keys and possession. As a result of recent trends, it's possible the lender will not allow disbursement for up to 72 hours. . . this could further delay taking possession. It is up to you to be prepared for these situations and plan accordingly with moving companies and arranging for interim living arrangements. Settlement is not at the time the parties are sitting around a table to sign the various forms and lender documents.

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

HOMEBUYER WARRANTY: It is suggested that you consider obtaining a home buyer warranty. In some instances, warranties are offered by the seller. If not, your agent can provide you with brochures and warranty application forms from various firms offering warranty services. Warranties generally protect you from many unexpected repairs resulting from mechanical breakdowns of covered major systems. Coverage may save you money by reducing your out of pocket costs for covered repairs. Review each policy for specific coverage and decide if you want warranty coverage. This should be accomplished before closing.

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

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

INSPECTIONS

MarketPlace Realty, it's Real Estate Agents/Brokers strongly recommend that you do your own due diligence to satisfy any concerns you may have as to the condition of the Property prior to settlement. In order to accomplish this, you are being urged to employ competent, certified, expert and/or licensed professionals to perform inspections of any and all conditions of the Property that are important to you. You may have received a list of various inspectors as requested, but of course you should evaluate the qualifications and experience of these inspectors to your satisfaction, before selecting one. Neither MarketPlace Realty nor it's Brokers and Agents recommends any one inspector over another. You can select any inspector or contractor you wish, whether the inspector is included on the list or not. MarketPlace Realty, it's Brokers and Agents do not guarantee or warrant the work performed by any of the inspection companies or individuals on the list. There may be other inspections that you may want to make and it's up to you to determine what inspections you feel are important or necessary to you in your sole discretion. The following types of inspections, as well as inspections that may be noted in previous pages have been reviewed and recommended to you as evidenced by your signature hereafter.

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

PHYSICAL INSPECTIONS, HOME INSPECTION: In purchasing a home you are making a financial commitment to one of the largest investments you may ever make. Most people do not have the education, experience and training to identifying problems and potential problems in the homes they are purchasing. A professional home inspection may reveal these problems. When you compare the small investment in a home inspection with the investment you are making in the property, can you afford to not have a

professional home inspection? Here are some of the areas that home inspectors look at: Structural: Certain areas of the home to determine the integrity of the essential internal and external structural components. Home inspectors are not structural engineers but can identify visual defects in these areas. Electrical: Do the outlets all work? Does the house use fuses or is there a breaker box?

Are there any visible signs of fraying on the wiring? Etc. Plumbing: Are there any leaks or any drips? Are all the mechanical systems and fixtures working properly? NOTE: If the inspection is being conducted in colder weather, it may not be possible to adequately test the AC systems...as a result, the buyer may want to request the escrow of an appropriate amount of funds after closing until warmer weather allows for a proper inspection to cover any costs to repair or replace the AC. Note though that few sellers will want settlement proceeds held for months at a time. Built-In Appliances: Are they functioning properly? Miscellaneous: Some items may or may not be included in a standard home inspection. Some of these items may be: Furnace interiors, septic systems, roofs, drainage, wood decks or other exterior structures. Be sure to verify which, if any, of these items are included in your home inspection. Ask the inspector if he/she checks for the presence of bats or similar vermin which are not checked by pest inspectors.

Not Included: Termite, geological or land subsidence surveys and environmental or pollution inspections which should be completed separately for your own protection. In summary, this inspection may reveal unknown conditions. This is a visual inspection. The inspector does not look behind walls or under carpets or take equipment apart. However, a professional inspector is trained to seek out certain conditions, which may reveal aspects of the physical condition of the Property not recognized by the untrained eye. It is recommended that the Buyer avoid having a friend or relative who happens to be a "handy man" do the inspection rather than using a professional. Review the home inspection contract carefully to fully understand the scope of the inspection. Some inspections may trigger the need for additional tests by qualified professionals. (i.e. engineers) NOTE: Building codes are constantly changing so a home inspection is not intended to require sellers to bring older systems into compliance with newer building codes if they satisfied the code in place at some previous time. Pest/termite inspections are performed by separately licensed inspectors hired by the seller.

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

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

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

Buyers understand the importance of getting an independent home inspection. Buyers have considered this before signing a contract with the seller for a home. Furthermore, buyers have carefully read this notice and fully understand that FHA will not perform a home inspection nor guarantee the price or condition of the property. Radon Gas Testing: The United States Environmental Protection Agency and the Surgeon General of the United States have recommended that all houses should be tested for radon. For more information on radon testing, call the toll-free National Radon Information Line at 1-800-SOS-Radon or 1-800-767-7236. As with a home inspection, if you decide to test for radon, you may do so before signing your contract, or you may do so after signing the contract as long as your contract states the sale of the home depends on your satisfaction with the results of the radon test. Be an

Informed Buyer: It is your responsibility to be an informed buyer. Be sure that what you buy is satisfactory in every respect. You have the right to carefully examine your potential new home with a qualified home inspector. You may arrange to do so before signing your contract, or may do so after the sale of the home depends on the inspection, according to FHA. When an FHA mortgage is involved there will be an addendum attached to the contract containing this notice.

RADON GAS INSPECTION: An inspection for Radon Gas may also be ordered with the Home Inspection. Radon is a radioactive gas that occurs naturally as a by-product in the decay of uranium, which is found in small amounts in rocks and soil in most parts of the United States. The gas is odorless and colorless. According to the Virginia Department of Health (VDH) guidelines, VDH recommends testing for radon levels in the indoor air of homes. If the indoor air levels of radon exceed 4 pCi/L, (pico Curies per liter) VDH recommends corrective action by the homeowner to reduce radon levels. Radon levels outdoors, as well as indoors, are naturally high in many areas in the United States, particularly in areas with significant deposits of granite, uranium, shale, and phosphate. It is known to be high in the Shenandoah Valley and Northern Virginia. Breathing indoor and outdoor air is the primary route of exposure to radon. Indoors, radon gas usually moves from the ground up and migrates into homes and other buildings through cracks and holes in floors, floor drains, cinder block walls, and foundations. Radon levels can be higher in homes that are well insulated, tightly sealed, or built on uranium- rich soil.

If wells are drilled in areas where radon is present in rocks or soil, drinking water can become contaminated which can then release radon gas into the air when the water is used for showering and other household uses. Exposure to radon gas, even at high concentrations, does not have any warning signs or irritating affects and may not cause any immediate or short-term health effects. The primary human health effect associated with long-term exposure to radon gas is an increase in the incidence of lung cancer, according to VDH. There is a very small risk of stomach cancer from consuming water containing radon, according the VDH. Ask your inspector or VDH, or other government agency about the dangers the news media has exposed about granite countertops from Africa and/or other overseas countries that reportedly release radon from decaying uranium in the granite.

PEST, WELL INSPECTIONS: Pest Inspectors generally handle the termite/pest inspections, the water test and the septic walkover. It has been traditional in this region for the seller to order and pay for these inspections. However, we suggest that you as the buyer use and pay for your inspector. Most charge about \$120-\$150 for all three. FHA loans also require a lead test at an additional cost. These inspections are usually ordered after the home inspection has been satisfied and the loan approval letter is in hand.....including the appraisal....Choose one, call us and we will follow-up with arranging for the inspections, handling the paperwork from the inspector and getting it to the closing agent. Although pest inspectors due a water and septic test, it DOES NOT give a true indication of the viability of a septic system, nor any warranty as to whether it will continue to function, nor does it confirm if there is even a septic system in place. See the separate paragraphs elsewhere in this disclosure document relative to septic inspections.

LEAD PAINT: Homes built before 1978 have paint that contains lead. It is recommended that you carefully read the EPA booklet entitled "Protect Your Family From Lead In Your Home," and consider a lead paint inspection. Lead from paint, chips, paint dust, water or other sources can pose serious health hazards if not taken care of properly. Refer to the booklet, or the EPA's website for further detail.

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

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

The Broker/agent recommends that every buyer should consider having a Mold or other health hazard tests performed by an environmental expert as part of their right under the purchase agreement to have inspections of the property. This is especially necessary if any of the inspection reports or disclosure documents indicate that there is evidence of past or present moisture, standing water, visible stains or water intrusion on the property. All inspections, including those to detect Mold or other health hazards, should be completed within the time for inspections provided in the purchase agreement. Any waiver or failure on the part

of the buyer to complete all appropriate inspections and tests, including those for Mold or other health hazards, is against the advice and recommendations of the Broker. Broker has not and cannot verify whether or not there is any health hazard or Mold on the property. Some Home Inspectors are also trained to perform Mold Inspections.

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

SEPTIC/WELL INSPECTION: If the Property is not on a public water and sewer system or similar sewer system, then this more detailed inspection is strongly recommended in order to help reveal the condition of the septic and well systems. This more through inspection can also determine whether the property is serviced by a private septic system or public sewer. Buyers understand the necessity of using their own due diligence to determine the existence of and condition of any well and septic systems or public sewer that may serve the property.

Septic permits for sewage disposal systems may not equal the number of existing rooms being used as bedrooms in a home and are often permitted for less than the number of rooms that may actually be currently used for bedrooms or being advertised as bedrooms by the sellers or their agent....even if it's a new home. Your own due diligence with the local health department will reveal if this will be an issue that needs to be addressed during the contingency period. You are advised to contact the Health department whenever you are considering a property with a private septic system to check for the number of bedrooms the property is permitted for. There are still many properties within the city limits of Winchester, or within the boundaries of other towns and hamlets in the region that remain on private septic systems with or without public water. Subsequent owners and/or their agents may not even be aware they have a septic system...thinking that because they are in town, they must have public sewer. **DO NOT ASSUME** that the home has public sewer even if the MLS system listing data indicates there are public utilities. You should contact your local health department, county government or other agency to determine the type of sewage disposal and water systems servicing the property and to confirm the type of permits for the property and/or for advice on using and maintaining septic systems. Note however that some records may not be available on some older properties. Study period contingencies can be added to the offer if you wish to allow time for your due diligence research on this topic. You should arrange for a contractor to conduct tests of the septic or well systems to be reasonably sure there is an adequate system in place and to determine that the systems appear to be performing in a normal manner. These contractors may employ some type of camera system to view the interior of the lines and tank or they will excavate portions of the system to expose the tank, the distribution box, the septic lines if any, or any other system components as further assurance that a system actually exists and that it appears to be adequate for your needs.

SEPTIC TIP: At a minimum, you should have the tank and distribution box opened up by a septic contractor/plumber and then have them video all the lines as well as each drain field line. It is very common to find older distribution boxes that have settled over the intervening years which causes effluent to drain only to one or two lines, rather than evenly to all the drain field lines.....this can cause overuse and possible failure of these particular lines. Septic Systems and wells are often conveyed with the property in an as is condition. Even though they may appear to be working prior to settlement, no one can predict if the system will continue to function in the future. In the event of a septic or well failure, there is no assurance that the well or septic system can be repaired or rebuilt to meet current government regulations. Most newer alternative septic systems such as mound systems, sand filter systems or puraflo systems etc also require an annual inspection and a maintenance contract with a third party firm.

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

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

SURVEY: LOT SIZE/BOUNDARY LINES ETC: The size of the lot, location of boundary lines or the number of acres or square footage provided to the Real Estate Agent or Broker via the MLS System or by the sellers or others has not been verified. It is important that you understand this figure may only be an approximation and the actual size may differ. To ensure that you know the exact size of the lot, or the location of the boundary lines or number or acres or square footage, the Real Estate Agent and Broker strongly urge you to have a professional survey of the property performed prior to settlement. A survey will also detect the existence of easements, building restriction lines, outbuildings, power lines, etc, and any other physical issues that may affect the buyer's decision to complete the purchase. Discuss with your surveyor what is included in a survey and whether additional survey options should be considered. In the event that you elect not to have such a survey performed, please be advised that the Real Estate Agent and Broker assume no responsibility for any difference between the approximation and the actual size of the property, which would

have been revealed by a professional survey. You agree to forever hold the agents harmless from any liability for any issue in connection with the property that may have been discovered had you obtained a survey. It is understood by the parties that upon removal of the contingency(s) to the purchase contract for a survey of the Property, the Buyer will be accepting the square footage, lot size and boundary lines etc that actually exist.

CAUTION: An extra cautionary note about foreclosed/bank owned properties & short sales. They are sold strictly "AS IS." Although many banks will allow home inspections, they will not make repairs and you must arrange at your expense to have utilities turned on, then back off and the home must be re-winterized. Costs can vary, but figure that \$200-\$500 should be in the ball park. Most must be purchased regardless of what issues are discovered during your due diligence inspections. The old saying "What you see is what you get," must have an additional caution. "What you don't see, is what you get." They often contain mold, wet basements, damaged appliances and heating/HVAC systems and many suffer from vandalism, structural destruction, destroyed floors etc. While you can get some great deals, use extreme caution and approach the sale with your eyes wide open. If there is too much damage, consider alternate types of loans such as a construction loan, or an FHA loan that provides funds for repairs that are disbursed after settlement. Short sales can often take months to obtain an answer from the lender about your offer. Buyer premiums for brokerage fees are added to the price offered.

SPECIAL ASSESSMENTS: Some private subdivisions such as Lake Holiday Estates, and/or others, have the power to levy special assessments to cover extraordinary expenses of the community. These amounts are levied against each property owner and can add up to thousands of dollars. Lake Holiday has levied against property owners for road and utility costs, and in 2009 lake Holiday is planning the first of several special assessments to cover the costs of making repairs to the spillway for the lake. The 2009 assessment is reportedly going to be \$682 according to a 12-11-08 story in the Winchester Star which quoted Wayne Poyer, Pres of the board of directors of Lake Holiday Country Club, Inc. He further states that it may take a few years of collecting special assessments from the homeowners to pay for the project, according to the article. If paying these special fees is an important issue for you, you are advised to do your due diligence and confirm what if any assessments are currently known and what your liability may be in the future. You may also want to consult with legal counsel in this regard before making a Lake Holiday purchase. By completing a purchase in Lake Holiday, you are confirming that you are aware of the potential for special assessments in unknown future amounts.

WAIVER OF INSPECTIONS

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

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

A: GUARANTEE THE CONDITIONS OF THE PROPERTY, SEPTIC SYSTEM, WELL, MECHANICAL SYSTEMS, STRUCTURES OR ANY OTHER ASPECT OF THE SUBJECT PROPERTY OR ANY NEARBY PROPERTIES OR THEIR USES OR PROPOSED USES.

B: BE RESPONSIBLE FOR DEFECTS THAT ARE NOT ACTUALLY KNOWN TO BROKER AND/OR AGENT;

C: SUGGEST THE PRICE THE BUYER MAY OFFER FOR THE PROPERTY.

THE AGENT MAY, AT THE REQUEST OF THE BUYER, PROVIDE MARKET DATA FROM THE MLS SYSTEM RELATING TO THE SALES OF OTHER PROPERTIES THAT ARE SIMILAR IN STYLE AND FEATURES, WHICH THE BUYER MAY USE IN DETERMINING THE PRICE TO BE OFFERED.

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

E: IDENTIFY PROPERTY BOUNDARY LINES, EASEMENTS, UTILITIES, ETC;

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

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

NOTE: SOME PROPERTIES ARE SOLD "AS IS," MEANING "WHAT YOU SEE OR WHAT YOU DON'T SEE IS WHAT YOU GET. THERE WILL BE NO WARRANTIES OR GUARANTIES BY THE SELLERS AND THEY USUALLY WILL NOT MAKE REPAIRS.

OLD HOMES, ESTATE SALES, SHORT SALES, FORECLOSED AND/OR BANK OWNED PROPERTIES ARE SOME OF THE TYPICAL "AS IS" TYPE PROPERTIES. WHEN BUYING THESE TYPES OF PROPERTIES, YOU MUST BE EVEN MORE CAUTIOUS AS TO POSSIBLE HIDDEN DEFECTS & DO EXTRA DUE DILLIGENCE.

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

BELOW ARE SOME SUGGESTED INSPECTIONS FOR YOU TO CONSIDER. PLEASE INITIAL BESIDE THE ONES YOU FEEL ARE IMPORTANT TO YOU. ALL INSPECTIONS MUST BE INCLUDED IN THE SALES CONTRACT. IF YOU'RE NOT SURE, INITIAL IT. AT YOUR REQUEST, THEY WILL THEN BE INCLUDED IN THE OFFER TO PURCHASE. NOTE: IF YOUR AGENT IS USING THE "VAR" PURCHASE CONTRACT FORM, THERE IS AN EXTENSIVE LIST OF INSPECTIONS AND TESTS YOU WOULD HAVE A RIGHT TO HAVE PERFORMED ON YOUR BEHALF AT YOUR COST. REVIEW THE HOME INSPECTION ADDENDUM PROVIDED BY YOUR REALTOR® TO BE SURE IT INCLUDES ALL THE TESTS OR INSPECTIONS YOU REQUIRE.

- _____ Home (Physical) Inspection (The standard VAR Inspection addendum usually includes most of these items)
 - _____ Polybutylene Pipe Risk Assessment (presence may be noted by home inspector)
 - _____ EIFS/Synthetic Stucco Assessment (presence may be noted by home inspector)
 - _____ Radon Test (usually performed by home inspector)
 - _____ Roof Inspection, as possibly recommended by home inspector or from your visual observation.
 - _____ Pool Inspection
 - _____ Environmental Assessment of The Property
 - _____ Area Wide, or Regional Environmental Assessments by Environmental Engineers
 - _____ Lead Paint, usually on homes built prior to 1978. (See separate lead paint notice and addendum)
 - _____ Mold (presence may be noted by home inspector)
 - _____ Asbestos (presence may be noted by home inspector)
 - _____ Fire Retardants on roofing materials (presence may be noted by home inspector)
 - _____ Septic Inspection to open and check the system (Also consider a video inspection)
 - _____ Survey-House location survey-shows restriction lines, flood plains, location of structures/improvements etc.
 - _____ Well/Water Test-Lead (FHA Loan Requirement)
 - _____ Well/Water Test-Bacteria (Lender Required)
 - _____ Well/Water Test-other chemicals or elements
 - _____ Soils Inspection
 - _____ Permits/Zoning Status (ask for a study period)
 - _____ Others:
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