



BUYER DUE DILIGENCE CHECKLIST

This is a legally binding document. If not understood, consult an attorney.



THIS BUYER DUE DILIGENCE CHECKLIST is provided by _____ (the "Company") including _____ (the "Agent") to _____ (the "Buyer")

NOTICE FROM COMPANY

Buyer is advised that the Company and its agents are trained in the marketing of real estate. Neither the Company nor its agents are trained or licensed to provide Buyer with professional advice regarding the physical condition of any property or regarding legal or tax matters. The Company and its agents strongly recommend that in connection with any offer to acquire any property, Buyer retain the professional services of legal and/or tax advisors, property inspectors, surveyors, and other professionals to satisfy Buyer as to any and all aspects of the physical and legal condition of the Property. BUYER IS ADVISED NOT TO RELY ON THE COMPANY, OR ON ANY AGENTS OF THE COMPANY, FOR A DETERMINATION REGARDING THE PHYSICAL OR LEGAL CONDITION OF THE PROPERTY. The following is a general listing of issues that Buyer should consider in evaluating any property. This is not intended to be a comprehensive list of all issues that may be relevant in Buyer's evaluation of a specific property. This document is, however, intended to direct Buyer's attention to a number of issues that are commonly considered important in the evaluation of any property.

1. BUILDING CODE/ZONING COMPLIANCE/FUTURE DEVELOPMENT: Buyer is advised to consult with local zoning officials to assure that Buyer's intended use of a property (including, but not limited to, rental and business uses, construction of new improvements and/or the remodel of existing improvements) will comply with local zoning requirements and with any recorded restrictive covenants and conditions. Buyer should determine whether a certificate of occupancy has been issued for a property and if such certificate is available for inspection. Buyer is also advised to make inquiry at the local building department to determine if building permits and final inspections were obtained for any remodel work at a property, if applicable. Buyer is further advised to consult with the local building and/or planning departments regarding any proposed development(s) in the vicinity of a property and the potential impacts of such future development(s) on Buyer's use and enjoyment of a property. Such impacts may include, but are not limited to, change in view corridors, noise, use, and inconvenience associated with such proposed development(s). Buyer acknowledges that the Company should not be relied upon for a determination as to any past, present or future building code or zoning restrictions or violations, the impacts of future development in the area, or as to the suitability of a property for Buyer's intended use.

2. HAZARDOUS WASTE AND TOXIC SUBSTANCES: Buyer is advised to consult with appropriate professionals regarding the possible existence of hazardous wastes and toxic substances on the Property, including, but not limited to, asbestos, radon gas, lead and lead-based paint, and the contamination of the Property from the use, storing or manufacturing of any illegal substances including methamphetamines. Buyer is advised that the U.S. Environmental Protection Agency ("EPA") is conducting a general watershed review of the Upper Silver Creek Watershed in Park City. This review is to investigate the presence of mining-related hazardous substances in the area of the watershed. Historic mining activities in the Park City Area have been associated with hazardous substances in the soils. The Park City Landscaping & Maintenance of Soil Cover Ordinance ("Ordinance") was enacted by Park City under agreement with the EPA to eliminate, or limit, exposure to these soils in certain areas of the City where certain contamination is known or suspected. Buyer is advised to consult with the Park City Building Department to determine if the Property is subject to and complies with that Ordinance. Buyer is advised that a variety of federal laws can place strict liability on property owners for hazardous waste management and cleanup of hazardous substances. Buyer is advised of Buyer's obligation to make appropriate inquiries ("due diligence") into past uses of the Property to ascertain the possible existence of hazardous wastes or toxic substances. Buyer acknowledges that the Company should not be relied upon for any determination as to the existence of any hazardous wastes or toxic substances.

3. SURVEYING AND STAKING: Buyer is advised that without an accurate survey of the Property, Buyer cannot be certain as to the boundaries of a property, or that any improvements on a property are not encroaching upon adjoining parcels of property, or that improvements located on adjoining parcels of property do not encroach onto a property. Walls and fences may not correspond with legal boundary lines for a property. Buyer acknowledges that the Company should not be relied upon for any determination as to the boundaries of a property or of any encroachments within or over the actual boundaries of a property. Buyer acknowledges that the Company should not be relied upon for any determination as to the boundaries of a property or of any encroachments within or over the actual boundaries of a property.

4. HOME WARRANTY PLANS: Buyer acknowledges that Buyer has been advised by the Company of the availability of Home Warranty Plans which provide limited warranties for certain home appliances and certain components of the Property after Closing.

5. FLOOD ZONE AND INSURANCE: If the Property is located in a "Flood Zone" as set forth on the H.U.D. "Special Flood Zone Area" maps, the mortgage lender may require that Buyer obtain and pay for flood insurance on the Property and its improvements, prior to, or after closing. Buyer is advised to consult with mortgage lenders and insurance agents regarding any flood insurance requirements for a property.

6. HOMEOWNERS INSURANCE: Buyer is advised that certain properties, due to location, condition, and/or claims history, may be uninsurable, or may only be insurable at an increased cost. Buyer is advised to consult directly with their insurance provider during due diligence to confirm availability and cost of homeowner's insurance for a property and any applicable Homeowners Association, or Master Homeowner's Association regarding wildfire and other property issues. Buyer is also advised that Buyer's credit, insurance claims history, and other issues (such as specific kinds of pets), may be factors in determining the availability and cost of homeowners insurance. Buyer is advised to consult directly with insurance companies of Buyer's choice regarding the availability and costs of homeowner's insurance for a property.

7. TITLE/TITLE INSURANCE: Buyer is advised that title insurance companies offer a variety of title insurance policies that provide different levels of coverage. Buyer is advised to carefully review with legal counsel and with the title insurer regarding: (a) the cost and availability of various types of title insurance coverage for the Property; (b) the contents of any Commitment for Title Insurance on a property; and (c) the contents of all documents affecting a property that are a matter of public record, including, but not limited to, any restrictive covenants (CC&R's). Buyer is advised that deed restrictions and/or CC&R's may have considerable impact on Buyer's use and enjoyment of the Property, including by way of illustration, limitations on pets, vehicle parking, rental and business use restrictions.

8. AFFORDABLE HOUSING: Many real estate developments contain an affordable housing component – which means that some or all of the housing in that development may be deed restricted as affordable housing. Such deed restrictions may place limits on such housing, including, but not limited to: who is eligible to purchase; appreciation; rental; and resale pricing of a property. Some deed restrictions also contain a first right of refusal to governmental entities and others that require specific procedures to be followed prior to offering a property for sale. These affordable housing restrictions may, among other things, significantly impact the current and future value of a property, the marketability of a property, and the ability to finance or refinance a property. Buyer is advised to carefully consult with local governmental authorities, the title company, legal counsel, and other professionals regarding the existence and impact of any such affordable housing deed restrictions.

9. HOMEOWNERS ASSOCIATION. If a property is part of a condominium or other Homeowners Association and/or Master Homeowners Association (collectively referred to as an "HOA"), Buyer is advised to consult directly with the HOA regarding all HOA matters that may affect a property, including, but not limited to: existing and proposed budgets, financial statements, present and proposed assessments, dues, fees, reserve accounts, rules, and HOA meeting minutes.

10. SPECIAL ASSESSMENTS & TRANSFER FEES. Buyer is advised to consult directly with the HOA and with all applicable special improvement districts, governmental and quasi-governmental entities regarding any special or extraordinary assessments for capital improvements and/or other expenses authorized under the applicable local laws and HOA governing documents. Some HOA's may also require the payment of a transfer fee (including but not limited to transfer fees that are based on a percentage of the purchase price) as a result of a transfer of title to a property. Special assessments and transfer fees often involve significant expense. Buyer is advised to carefully consider and factor into the negotiations for the purchase of a property, all such special assessments and transfer fees, if any.

11. PRESENT RENTAL USE OF PROPERTY. Regardless of whether Buyer intends to use a property as a personal residence or as a rental, if a property is *currently* being used as a rental, as part of Buyer's due diligence, Buyer is advised to carefully review and evaluate all: (a) leases; (b) rental bookings/reservations; (c) property management contracts; and (d) property maintenance contracts, if any, affecting a property after Closing. If a property is managed or maintained by a property management or property maintenance company, Buyer is also advised to consult directly with the applicable property management and/or property maintenance company. Buyer acknowledges that the Company should not be relied upon for any determination as to whether rental of a property is a legal or permitted use.

12. FUTURE RENTAL USE OF PROPERTY. If Buyer intends to purchase a property for investment and use as a short or long term rental, Buyer is advised, as part of Buyer's due diligence, to consult with legal and tax advisors regarding the legal and tax issues associated with the acquisition and use of a property as a rental. Buyer is advised to consult with local zoning officials and the HOA, if applicable, as to whether use of a property as a rental, complies with local zoning and all applicable CC&R's. Also, if Buyer intends to purchase a property for investment and use as a short or long-

term rental, Buyer may seek the professional services of a property management company. Prior to entering into any agreement with a property management company, Buyer is advised to consult with a variety of property management companies and carefully consider their respective services, fees, references, operating procedures, and their obligations to owner/clients. Buyer acknowledges that the Company should not be relied upon for any determination as to whether rental of a property is a legal or permitted use.

13. PHYSICAL CONDITION: Buyer is advised to consult with appropriate professionals regarding all physical aspects of a property, including, but not limited to: built-in appliances; plumbing fixtures, lines, fittings and systems; heating, air conditioning systems and components; electrical wiring, systems, appliances and components; foundation; roof; structure; exterior surfaces (including stucco), exterior features and equipment; pool/spa systems and components; any diseased trees or other landscaping; and moisture seepage and damage from roof, foundation or windows. Buyer is advised not to rely on seller, the Company, or any agents of the Company for a determination regarding the physical condition of the Property.

14. SQUARE FOOTAGE/ACREAGE: If the square footage of the home and other improvements, or the acreage of the Property is of material concern to Buyer, Buyer is advised to verify all applicable square footage and acreage through any independent sources or means deemed appropriate by Buyer. In the event the Company provides any numerical statements regarding any of these items, such statements are approximations only. Buyer is advised not to rely on seller, the Company, or any agents of the Company for a determination regarding the square footage of the home, any other improvements, or the acreage of the Property.

15. UTILITY SERVICES: Buyer is advised to consult with appropriate professionals regarding the location of utility service lines and the availability and cost of all utility services for a property including, but not limited to, sewer, natural gas, electricity, telephone, cable TV, and Internet. Buyer is advised that a property may not be connected to public water and/or public sewer, and applicable fees may not have been paid. Septic tanks may need to be pumped. Leach fields may need to be inspected.

16. WATER: Buyer is advised to consult with the water service provider for a property and with other appropriate professionals regarding the source, quality, and availability of water for a property; and regarding all applicable fees and costs (including, without limitation, connection fees, stand-by fees and service fees), use and regulatory restrictions, and ownership of water rights and water system. Depending upon the location of a property, the water service provider, and climate conditions, water service to a property may be interrupted. A well and well system may require inspection. Buyer is further advised that, depending upon the location of a property, State and local laws may impose specific requirements regarding the source, the capacity, and the quality of water that will service new plat or building permit applications. Such water-related laws may directly impact Buyer's ability to develop a property and/or obtain a building permit for any improvements to a property. Buyer is advised to consult directly with applicable State and local authorities, and with legal counsel, regarding the content and potential effect of such water-related laws.

17. GEOLOGIC CONDITIONS: Buyer is advised to consult with appropriate professionals regarding possible geologic conditions at or near a property. Such geologic conditions may include, but are not limited to, soil and terrain stability, the existence of wetlands, drainage problems, and any building and/or zoning requirements relating to such geologic conditions.

18. MOLD: Buyer is advised to consult with appropriate professionals to determine the possible existence of mold in a property. Water leaks and water damage to property may result in mold that may have adverse health effects. Additional information regarding mold is available through the EPA at: www.epa.gov.

19. RADON: Buyer is advised to consult with appropriate professionals to determine the possible existence of excessive levels of radon gas in a property. Radon is a naturally occurring radioactive gas that has been found in homes all over the United States. Excessive levels of radon may have adverse health effects. The EPA and the Surgeon General recommend testing all homes for excessive levels of radon. Information is available through the www.radon.utah.gov and the Utah Department of Environmental Quality – Environmental Hotline 1-800-4580145 and the EPA at epa.gov/radon.

20. HOUSING COMPLIANCE/NEIGHBORHOOD ISSUES: Buyer is advised to consult with appropriate professionals regarding neighborhood or property conditions including, but not limited to: schools; proximity and adequacy of law enforcement; proximity to commercial, industrial, or agricultural activities; crime statistics; convicted sex offenders residing in proximity to a property; fire protection; other governmental services; existing and proposed transportation; construction and development; noise or odor from any source; and other nuisances, hazards, or circumstances. All properties will be shown without regard to race, color, religion, sex, national origin, handicap or familial status and any other requirements of federal and state fair housing laws.

21. PROPERTY TAXES: Buyer is advised that in Utah "primary residences" are eligible for significantly lower property taxes. In accordance with Utah Code Annotated Section 59-2-101, et. seq., in order to qualify as a primary residence, the Property must be either: (a) the primary residence of the owner; or (b) the primary residence of a long-term

