

Property Performance Assessments LLC

Inspection Agreement

1. **PARTIES:** _____ (Client(s)) agrees to employ Property Performance Assessments LLC PPA (The Company) to provide real estate inspection services. Client authorizes distribution of the Report(s) to:

Buying Agent: Selling Agent: Title Co: Other: _____.

2. **INSPECTED PROPERTY ADDRESS:** _____.

3. **DATE AND TIME:** The inspection will be conducted on _____.

4. **FEE:** Client agrees to pay a fee of \$ _____ upon inspection/or delivery of report to Property Performance Assessments/PPA. (A 25% fee will be assessed if payment is to be held until closing and is limited to no longer than 30 days from date of inspection. **(Client is responsible for payment whether the client purchases the property or not.)**)

5. **INSPECTION:** PROPERTY PERFORMANCE ASSESSMENTS LLC (The "Company") and Steven L. Chastain Principal ("Inspector") is licensed (#8057) and regulated by the Texas Real Estate Commission ("TREC"), and conforms to their Standards of Practice for Real Estate Inspections.

The Company agrees to provide inspector(s), licensed by the State of Texas, who will perform the following inspections:

- A. Structural Systems: per TREC standards of practice
- B. Mechanical Systems: per TREC standards of practice
- C. Electrical Systems: per TREC standards of practice
- D. Plumbing Systems: per TREC standards of practice
- E. Other Systems: per TREC standards of practice

The Company does NOT inspect for the following: termites, laundry equipment, refrigerators, air humidifiers, water filters/conditioners, AC window units, pumps and septic systems, cleaning function of self-cleaning ovens, general inspection of gas lines, asbestos, radon gas, lead based paint, urea formaldehyde, toxic or flammable chemicals, mold/fungi or any other biological substance, water or airborne diseases, rodents, insects, and/or wood destroying insects unless otherwise noted and agreed upon.

6. **WARRANTY:** No warranties or guarantees are expressed or implied as a result of this inspection. The inspection report is valid only for the day and time of the inspection, because appliances and building systems can develop problems at the most unexpected times, even on the day of the inspection. The Client recognizes that there is NO REPRESENTATION OF WARRANTY OR GUARANTEE on the future life for items inspected. The inspector does not take responsibility for reporting non-compliance with any building, electrical, mechanical or plumbing codes established by any Federal, State or Municipal ordinances.

7. **ENTIRE AGREEMENT:** This Agreement represents the entire agreement between the parties. No change or modification shall be enforceable against any party unless such change or modification is in writing and signed by the parties. This Agreement shall be binding upon and enforceable by the parties, and their heirs, executors, administrators, successors and assigns.

8. **SCOPE OF INSPECTION:** The scope of the inspection is strictly limited to those items designated by this contract. The inspection is intended to be a practical, non-destructive test of the function of the major components of the building. The testing is limited to visual, audible and operational techniques. The CLIENT understands that the inspector will not dig, probe, dismantle equipment, or remove permanent materials on items which would be damaged by such, nor will the inspector enter unsafe or inaccessible areas to perform the inspection. Further, the inspector does not determine the operational capacity, quality or suitability for a particular use of items inspected. This inspection does not cover any latent defect or defects not reasonably observable during the inspection, including, but not limited to, recent repairs, paint or covering that may conceal current or prior defects, whether deliberately concealed or otherwise.

The following specific limitations apply:

(A) Design problems are not within the scope of the inspection; (B) Fireplaces are inspected visually. The draft is not tested; (C) Company will not turn on any utilities. All utilities and pilot lights must be turned on and operational inside the facility; (D) Swimming pool and hot tub heaters must be turned on at least twenty-four hours prior to the inspection. Pools and hot tubs must be full of water, clean and operational; (E) Gas lines are inspected for leaks and other defects at connections to appliances. Unexposed gas lines are not inspected; (F) Only a visual inspection of the roof is made; no test samples are cut; (G) Plumbing inspections include visible plumbing supply lines, drain lines and water heaters; (H) Electrical system inspections include visible wiring, switches and those wall outlets to which the inspector can gain access. Not included are cosmetic items such as broken or missing glass in electrical fixtures; (I) Oven inspections do not include the operation of the cleaning cycle; (J) The report will not include cosmetic items or defects which are present due to poor housekeeping or maintenance; (K) The inspector will not change light bulbs, move obstructions, or remove more than the minimum fixtures or panels required to inspect any part of the facility or appliance/systems; (L) An inspection of the air conditioning system will not be conducted when the outside air temperature is below 60 degrees F. due to possible damage to the compressor. The inspection and report do not address and are not intended to address the possible presence of or danger from asbestos, radon gas, lead paint, urea formaldehyde, toxic or flammable chemicals, water or airborne related illness or disease, and all other similar or potentially harmful substances. The client is urged to contact a reputable specialist if information, identification or testing of the above is desired. The presence or absence of rodents, wood destroying insects and other insects are also not covered by this inspection unless otherwise stipulated.

9. **REPORT:** The Company agrees to provide a report on the Company's standard form. The report will indicate which items were inspected, which items are in need of repair or are not performing the function for which they are intended, and any obvious safety hazards. Items not included in the report shall not be considered good or bad from any lack of notation. No verbal statements by the inspector shall expand the scope of this agreement nor will such statements be relied upon when solicited from the inspector by the Client at the time of inspection or any other time. This contract does not include inspection of any other conditions that may be on other contracts, forms or statements pertaining to this property.

10. DISCREPANCIES: In the event a discrepancy should develop regarding the services provided to the Client by the Company, the Client agrees to the following procedure: (A) Client shall notify the Company of the problem by telephone or otherwise within two (2) business days and allow the Company five (5) business days to respond to Clients call. (B) In the event a problem has not been resolved within the time set forth above and Client desires to make a formal complaint, Client shall initiate the complaint procedure by sending a written complaint to the Company by certified mail, return receipt requested, fully explaining which items are involved and the nature of the complaint. (C) Client agrees NOT to disturb or repair or have repaired anything which may constitute evidence relating to the complaint, except in the case of an emergency. (D) Client agrees to allow the Company to examine the items involved in the complaint and to allow the Company thirty (30) days from the date of the above notice to determine if any further action should be taken.

Client agrees that if any controversy or claim arising out of or relating to this contract, or the breach thereof, shall be settled by arbitration in accordance with the rules of the American Arbitration Association and judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof.

If a lawsuit is filed by the Client against the Company and the Company successfully defends against the claim of the Client, the client agrees to pay the Company reasonable attorney's fees incurred in defending against such claims. If a lawsuit is filed by the Company to collect monies due and owing under this contract, Client agrees to pay the Company reasonable attorney's fees, court costs, lost income and expenses incurred in such lawsuit.

11. ACCEPTANCE: This contract is solely between the inspection company named and the CLIENT for whom the inspection is performed. Acceptance or use of the report constitutes acceptance of the terms of this contract. The findings on the report are the sole property of the CLIENT and may not be used for any other purpose without the written consent of the Client. All photography and images produced of the inspected property are copyright and remain intellectual property of the company.

12. LIMITATION ON LIABILITY: (A) The liability of the Company is strictly limited to the specific areas which were inspected and which were specifically requested to be inspected by Client in writing prior to the inspection. (B) The Client agrees that the Company will have no liability for latent defects which cannot be observed through normal inspection nor can be determined by normal testing or operation; and it is specifically agreed and understood that; mechanical devices may operate at one moment and later malfunction; therefore, the Company's liability is specifically limited to those situations where it can be conclusively shown that the mechanical device inspected was inoperable or in the immediate need of repair or not performing the function for which it was intended at the time of inspection. (C) The Client agrees that the Company will have no liability for failing to detect a defect, malfunction, inoperative condition or necessity for repair where the defect, malfunction, inoperative condition or need for repair was concealed or covered up, whether intentional or otherwise. (D) The Client agrees that the Company will have no liability for incidental or consequential damages. (E) Actual damages for any discrepancies, negligence or otherwise are limited to the amount of the fee charged for the inspection.

13. SPECIAL ARRANGEMENTS: Client hereby authorizes the title company closing the sale of the above described property, to pay the company it's inspection fee plus an additional fee of 25% of the total inspection cost out of the funds received at closing. In the event that Client pays the inspection fee prior to closing, it is the Client's duty to notify the title company that Client has paid the inspection fee. In the event that the Earnest Money Contract does not close, the Client authorizes the escrow agent to pay the inspection fee out of the earnest money before it is returned to the Client. Client will pay all legal and time expenses incurred in collecting any due payments.

14. COMPANY RELATIONSHIP WITH THIRD PARTY SERVICE PROVIDERS AND REFERRING PARTY: Company may have an affiliation with third-party service providers (TPSP) (Brinks Home Security), (American Home Warranty Company/AWH), (Safeguard Foundation Repair) and others in order to offer value-added services to its client(s). The company may also arrange for these TPSP to send literature or make post-inspection contact with client(s). Client agrees to hold any and all referring party(s), real estate agents or brokerage involved in this purchase of the property to be inspected harmless and exonerate them from any and all loss, damage, liability or expense occasioned or claimed by reason of acts or neglects of company or his employees, visitors or independent contractors engaged or paid by company for the purpose of inspecting the above property listed.

15. FEE AND OTHER VALUABLE CONSIDERATION DISCLOSURE: Under §1102.305 of the Texas Occupations Code and §535.217 of the Rules of the Texas Real Estate Commission, The Commission deems the following conduct by a licensed inspector to be dishonest and grounds for disciplinary action.

- 1) accepting a fee or other valuable consideration in a real estate transaction from a person or entity, other than the inspector's client, without first disclosing to all parties in real estate transaction that the inspector intends to receive the fee or other valuable consideration, and obtaining the written consent of the inspector's client,
- 2) paying a portion of any fee received by the inspector to a service provider or a participant in a real estate transaction, other than the inspector's client, without the consent of the inspector's client.

Inspector/Company Steven L. Chastain / PPA License Number 8057

Is PAYING a portion of the fee received by the inspector to:

Name of service provider or participant receiving fee from inspector

Inspector/Company Steven L. Chastain / PPA License Number 8057

Is ACCEPTING a fee or other valuable consideration to inspector in this real estate transaction from:

Name of person or entity paying fee or valuable consideration to inspector

Accepted & Agreed To:

Dated: _____

X _____

Client

Property Performance Assessments LLC/ PPA
COMPANY

Steven L. Chastain 8057
INSPECTOR TREC License #