

North Bay Association of REALTORS®

NAPA COUNTY REAL ESTATE DISCLOSURE ADVISORY

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(This form is intended only for use with the California Association of REALTORS® form SBSA, "Statewide Buyer and Seller Advisory")

This Advisory applies to the following property: _____, Napa County, California.

This advisory consists of disclosures and disclaimers. It is not intended to alarm you or to limit our legitimate duty as agents to you, but it does point out some limitations on our liability and is intended to educate both buyers and sellers to inform you that in buying or selling something as valuable and personal as real estate, you have a responsibility to yourself to take special precautions to understand the nature of the transaction and the property both before and after you enter into a purchase agreement, to investigate and to rely only on experts, not on Brokers ("Broker" means brokers or agents) or on the other party to the transaction, when you have questions, doubts or concerns.

1. **BANK-OWNED ("REO") PROPERTIES:** "REO" stands for "real estate owned" which is how banks and other lenders categorize real property that they have taken back on either a foreclosure or a "deed in lieu" of foreclosure. When a bank is the seller, there are substantial differences in the way the transaction proceeds, as compared to how it typically works when the seller is a person. These differences include, but are not limited to, the following:
 - A. Depending on whether the REO seller acquired the property through foreclosure, the seller may not be required to give the buyer a Transfer Disclosure Statement ("TDS") describing the condition and features of the property, or to complete other important disclosure forms regarding natural hazards, taxes, bonds and assessments affecting the property, earthquake safety information, and information about nearby industrial and military weapons sites.
 - B. REO properties may also be "distressed" as a result of neglect and/or vandalism. But, the lender/seller may have little or no knowledge of the property. While lender/sellers who have acquired property by foreclosure do not have to complete a TDS, they are still required to disclose any conditions or defects affecting the value or desirability of the property (just not on a TDS), including repairs completed by the lender/sellers or their agents, and make other required disclosures. However, those disclosures may be of little value in light of a lender/seller's limited knowledge of the property.
 - C. Buyer is advised to fully investigate the condition of the property including obtaining any and all necessary inspections by appropriate experts. Brokers and agents advise against closing escrow without obtaining and understanding all legally-mandated disclosures from Seller, and securing all necessary inspections and investigations as recommended.
 - D. The lender/seller may give you a verbal "acceptance" of your offer. Such acceptances are generally not binding, in the absence of other writings sufficient to constitute an agreement to sell. If you are in doubt as to whether you have a binding agreement, you should consult your own real estate attorney.
 - E. REO lender/sellers usually will attach a lengthy Addendum to the standard form purchase agreement, or may even require the use of their own contract form. These addenda and contracts have been drafted by the attorneys for the lender/seller and generally are drafted to favor the lender/seller. It is strongly recommended by your agent that you review this Addendum or contract with an attorney, because real estate licensees are not qualified or competent to give you advice on legal documents drafted by attorneys for other parties.
 - F. If you receive such a lender/seller Addendum or contract, read it thoroughly for understanding since it will affect your contractual rights. Some clauses may limit to take away your legal rights in certain circumstances, or limit your recovery against the lender/seller. Some clauses may impose per diem charges for delays in closing. Other clauses may require you to hold the lender/seller harmless and release the lender/seller from certain potential liabilities. Again, your agent strongly recommends that you get any questions you may have answered by your attorney.

2. **EARTHQUAKE DAMAGE:** In recent times, earthquakes centered in the North Bay and other parts of the Bay Area have caused widespread damage to many properties within Napa County. Buyer is advised to retain licensed, qualified professionals to inspect the property for any damage that may have resulted from this or any other earthquakes affecting Napa County. Buyer is further advised to investigate the property to determine whether Napa County or any cities within Napa County have mandated any repairs or remedial work be done to the property as a result of earthquake or other conditions, and to determine whether such work has been completed in compliance with all applicable construction permit requirements. This information can be obtained by contacting and visiting the Building or Planning Departments or the appropriate agency within Napa County, or for property in unincorporated areas of the County, from the Napa County Conservation, Development, and Planning Department at 1195 Third Street, Napa, CA 94559 (707) 253-4416.

3. **GROUNDWATER ORDINANCE:** The County of Napa's Groundwater Ordinance (Napa County Code, Chapter 13.15, et seq) establishes requirements within the County jurisdiction for water systems which use groundwater as a water source. The Groundwater Ordinance currently applies to the development of any new water system or the replacement or improvement of any existing water system. If at any time Buyer plans to add a new water system or improve an existing water system or if Buyer plans to build, remodel, change uses, subdivide, develop or add any improvement to the above property that increases the utilization of groundwater, Buyer may be required to comply with the requirements of the Napa County Groundwater Ordinance by obtaining a groundwater permit, in addition to other requirements. In the event of the destruction or failure of existing improvements, the County may not issue Buyer a permit for the reconstruction of such improvements absent compliance with the Groundwater Ordinance.

If the property is located in an area identified as a "groundwater deficient area," more stringent requirements may apply.

Buyer is advised to contact the Napa County Department of Environmental Management [(707) 253-4471] and the Napa County Department of Public Works [(707) 253-4351], both located at 1195 Third Street, Napa, CA 94559, to determine the requirements for Buyer's intended present or future use, and to determine whether the property is in a "groundwater deficient area." No warranties are given and no representations are made by the Seller or the brokers or agents of any party to this transaction regarding the applicability of the Groundwater Ordinance as to the present use of the property, or as to Buyer's intended present or future use.

4. **HOME EQUITY SALES ACT AND NOTICE OF DEFAULT ISSUES:** California Civil Code Section 1695 et seq., known as the Home Sales Equity Contract Act ("Act") may apply to this transaction, if a Notice of Default pertaining to the Property is recorded before or during escrow. It is strongly recommended that, before entering into any transaction where the Act applies or that a Notice of Default has been recorded, Buyers and Sellers seek legal advice. The following information is provided as a convenience to aid Buyers and Sellers in making informed decisions. It is not meant to be a complete source of information on all matters which can become issues in transactions involving a Notice of Default or the Act. This information is not guaranteed to be accurate, nor does it apply to any specific transaction. For that reason, it is strongly recommended that Buyers and Sellers use the utmost care and diligence in reviewing and investigating all matters which may be relevant to their transaction. Real estate licensees are not qualified to give legal or tax advice, either in general or specifically, as to Notices of Default or the Act. If Buyers or Sellers have any legal questions or concerns, Buyers and Sellers are urged to consult with their own qualified real estate attorney. If Buyers or Sellers have any tax questions or concerns, Buyers and Sellers are urged to consult with their own qualified certified public accountant or tax attorney.

A. AGREEMENT SUBJECT TO CIVIL CODE § 1695 et seq. The California Association of REALTORS® Notice of Default Purchase Agreement (form "NODPA") is to be used when an investor Buyer offers to purchase a residential dwelling containing one to four units, one of which is owner-occupied as the owner's principal residence, and a Notice of Default has been recorded against the Property as required by Civil Code Sections 1695 through 1695.17. If the Purchase Agreement has been negotiated primarily in a language other than English, it must be translated into that other language as required by Civil Code Section 1695.2.

B. VIOLATIONS OF CIVIL CODE § 1695 et sq. If certain provisions of the Act are violated, there can be the following civil and criminal penalties: (a) Buyer may be responsible for actual and exemplary (punitive) damages and attorneys' fees and costs incurred by Seller, and/or a civil penalty of

up to \$25,000; (b) Buyer may be subject to imprisonment for not more than one year; and (c) the transaction may be rescinded by the Seller for a period of up to two years after escrow closes.

C. SELLER'S CANCELLATION RIGHT. Under the Act, Seller may cancel the NODPA until midnight on the fifth (5th) business day following the day on which Seller signs the NODPA form or until 8:00 a.m. on the day scheduled for the sale of the Property pursuant to a power of sale conferred in a deed of trust, whichever occurs first.

D. BUYER RESTRICTIONS PRIOR TO EXPIRATION OF SELLER'S CANCELLATION RIGHT. Until Seller's right to cancel the NODPA has lapsed, Buyer shall not: (a) accept from Seller any execution of, or induce Seller to execute, any instrument conveying any interest in the Property; (b) record any instrument signed by Seller; (c) transfer or encumber or purport to transfer or encumber any interest in the Property to any third party; or (d) pay Seller any consideration.

E. REAL ESTATE AGENT LICENSE REQUIREMENTS. The Act requires an Equity Purchaser's Representative ("Buyer's Agent") to provide written proof that she or he has a current, valid California Real Estate Sales License and provide a particular form of Statement in that regard under penalty of perjury. If the Buyer's Agent fails to comply with these requirements, the Purchase Agreement is voidable by Seller and subjects the Buyer and the Buyer's Agent to liability for all damages proximately caused to the Seller by any such failure to comply. (NOTE: Under Schweitzer v. Westminster Investments (2007) 157 Cal.App.4th 1195, review denied March 26, 2008, the Appellate Court stated that the bond requirement of Civil Code Section 1695.17 was unenforceable and severed that provision from the statute.)

5. LAND USE AND CONSTRUCTION-RELATED LAWS: The United States, the State of California, the County of Napa, certain cities and towns within Napa County where the property is located, and some or all of their governing bodies have enacted and/or may in the future enact laws, ordinances, regulations and amendments and revisions thereto (including voter-approved ballot measures within these jurisdictions) which affect and may restrict land uses and conduct, including restrictions on vacation rentals and other uses, development, construction (including remodeling, grading and water use), demolition activities and other permissible and prohibited activities on the property (collectively "Laws"). Such Laws may also include grading and other conservation regulations that require, among other things, setbacks along designated streams, creeks and wetlands, environmental mitigation measures, erosion control permits, grading permits, and other permits necessary for development of any new or accessory structure, vineyard, earthmoving or land conversion in Napa County. New and amended Laws affecting watersheds, land uses, water use and conservation, development and construction continue to be developed, proposed, revised, debated and enacted. As part of Buyer's investigation of the property, Buyer is advised to obtain the latest information regarding all such applicable Laws, whether enacted or merely proposed, that currently affect or that might in the future affect the property or the cost to make any changes or improvements to the property. Such information may be obtained by contacting all the County and city governmental agencies that may have jurisdiction over the property and by searching in the archives of the local and statewide news media. Examples of Federal, State, County and city governmental agencies that may have information on these Laws include, but are not limited to, the U.S. Army Corps of Engineers San Francisco District at (415) 503-6795 and at <http://www.spn.usace.army.mil/regulatory/index.html>, the U.S. Fish and Wildlife Service at <http://www.fws.gov/>, the California Department of Fish and Game at <http://www.dfg.ca.gov/>, the County of Napa and the County's Conservation, Development and Planning Department and its various divisions, at the County Administration Building, 1195 Third Street, Suite 210, Napa, CA 94559; (707) 253-4417, the applicable city's chief building official, chief planning official and chief code enforcement official, and all the other governmental agencies described in this Disclosures and Disclaimers Advisory and in the California Association of REALTORS® Statewide Buyer and Seller Advisory ("SBSA") form.

6. LOCAL CONDITIONS. Buyer and Seller are advised that local amenities, facilities and services which may benefit or add to the richness of the community may also produce noise, traffic, vibration, dust, odors, and other effects at various times, and these effects and how they are perceived are subjective: what bothers one person may be acceptable to others. Such local amenities, facilities and services include but are not limited to public and private construction projects, horse race tracks and motor vehicle speedways, casinos, fairgrounds located in various cities and towns, cycling, running, and other athletic events, farmers' markets, concert halls and performing arts centers, and other venues for public and private events, music and performances throughout the County, which venues include but are not limited to wineries, public and private parks, fields, schools, and other public and private properties. Some of these activities and events are seasonal or irregular. Buyer is advised to conduct research into the occurrence and effect of all such events including seasonal and intermittent events, and to personally

visit the Property at various times of day and night and to investigate the local conditions, including any sources of and amounts of noise, traffic, vibration, dust, odors, or other effects of local amenities, facilities, and services to determine whether their potential effects are acceptable to Buyer and/or will impact the value, desirability, development, use and enjoyment of the Property.

7. LOCKS, GARAGE/GATE OPENERS, AND ALARMS: Seller may have given keys, garage/gate openers, combinations and/or access codes to doors, gates, alarms and other security devices on the property to third parties unknown to Buyer. In addition, Seller or Seller's Broker may have made the property available for open houses and other inspections by the general public which may compromise the security and safety of Buyers and their property. Accordingly, Buyer is advised to change or re-key all locks and recode any and all alarms and other security devices, after close of escrow and upon Buyer taking possession of the property.

8. POTENTIAL INCREASE IN OWNERSHIP COSTS AND/OR REDUCTION IN SERVICES: Due to extraordinary economic conditions in recent years, governmental and quasi-governmental entities that may provide services directly to the Property or to the community in which the Property is located (including but not limited to cities, counties, water, sewer, and other types of utility and/or assessment districts), have lost or may in the future lose revenue from what were previously thought to have been relatively stable funding sources, such as sales tax, property transfer tax, and other revenue sources.

One of the possible results of these actual or potential revenue losses is that the cost of ownership of the Property, including such costs as utility rates, fees, and taxes, can increase substantially to cover budget shortfalls. Also, services provided by governmental and quasi-governmental entities may be reduced due to budget shortfalls. Buyer is advised to investigate the financial stability of governmental and quasi-governmental entities, including water, sewer, and other types of utility and assessment districts that provide service to the Property and/or to the community in which the Property is located. Such information may be obtained by contacting federal, state, county and city governmental agencies and quasi-governmental agencies such as utility districts that may have jurisdiction over the Property, and by searching in the archives of the local and statewide news media.

9. PROPERTY TAX REASSESSMENT: California property tax law requires the Assessor to revalue real property at the time the ownership of the property changes. When the County Assessor revalues the property, it does so at its market value on the date of a change in ownership (or when new construction is completed). In many cases, the sales price will be accepted by the Assessor as the market value, but not always. If Buyer disagrees with the Assessor's revaluation, Buyer should contact the local Assessor or Tax Collector's office to get information about appealing or applying for a reduced assessment.

10. RIGHT TO FARM ORDINANCE: Napa County has determined that the highest and best use for agricultural land as defined below is to develop or preserve said lands for the purposes of agricultural operations and it will not consider the inconveniences or discomforts arising from agricultural operations to be a nuisance if such operations are legal, consistent with accepted customs and standards and operated in a non-negligent manner.

If property you own, or are purchasing, or may purchase in the future is located close to agricultural lands or within agricultural lands, you may be subject to inconveniences or discomfort arising from agricultural operations. Such discomfort or inconveniences may include, but are not limited to: noise, odors, dust, chemicals, smoke, insects, operation of machinery during any 24-hour period, aircraft operation, and storage and disposal of manure. One or more of the inconveniences described above may occur even in the case of an agricultural operation, which is in conformance with existing laws and regulations and locally accepted customs and standards. If you live near an agricultural area, you should be prepared to accept such inconveniences or discomfort as a normal and necessary aspect of living in a county with a strong rural character and a healthy agricultural sector. For purposes of this notification:

(A) "AGRICULTURAL LAND" means real property located within the boundaries of Napa County which falls into one or more of the following categories:

(1) Is designated on the Napa County General Plan as Agricultural Reserve (AR), Agriculture, Watershed and Open Space (AWOS), or Rural Residential (RR) and is included in a zoning district that is primarily or substantially devoted to agricultural uses, including but not limited to the following zoning districts: Agricultural Preserve (AP), Agricultural Watershed (AW), Residential Country (RC), Timber Preserve (TP);

(2) Is included in an overlay zoning district that is devoted primarily to agriculture;

(3) Is designated in the General Plan for an urban use but has been zoned AW or AP as an interim zone to maximize the economic use of the land while retaining the land in large parcel sizes pending eventual permanent development for urban use;

(4) While not presently zoned or designated on the General Plan for primary or substantial agricultural use, the land contains an existing agricultural operation of a type that would be obvious to an uninformed observer after a physical inspection of the property, and that operation began at a time when such use was permissible.

(B) "AGRICULTURAL OPERATION" means all operations necessary to conduct agriculture as defined in section 18.08.040 of the Napa County Code, as such may be amended from time to time, and shall include, but not limited to, preparation, tillage, and maintenance of the soil or other growing medium, the production, irrigation, frost protection, cultivation, growing, raising, breeding, harvesting, or processing of any living organism having value as an agricultural commodity or product, and any commercial practices performed incident to or in conjunction with such operations on the site where the agricultural product is being produced, including preparation for market, delivery to storage or to market, or to carriers for transportation to market.

Napa County Code Section 18.08.040 defining the term "Agriculture" provides:

"Agriculture" means the raising of crops or livestock and includes the following:

- A. Growing and raising trees, vines, shrubs, berries, vegetables, nursery stock, hay, grain and similar food crops and fiber crops;
- B. Grazing of livestock and feeding incidental thereto;
- C. Animal husbandry, including, without limitation, the breeding and raising of cattle, sheep, horses, goats, pigs, rabbits and poultry and egg production;
- D. Sale of agricultural products grown, raised or produced on the premises.

11. ROAD, HIGHWAY AND FLOOD CONTROL WORK: For the next several years, extensive state and local public road and highway improvements and flood control projects will be taking place in Napa County. Buyer is hereby advised that these projects will cause inconvenience to people living, working, and visiting in Napa County, and that these inconveniences will include, but are not limited to, traffic congestion and delays, noise, odors, dust, and vibration from construction activities, including pile driving. Buyer is advised to consult the Napa Transportation Management Plan Coordinator's office at (707) 258-7843 and its website: www.napatraffic.info for information on current and planned road and highway work, and to consult the Napa County Flood Control and Water Conservation District at (707) 259-8600 and its website: www.napaflooddistrict.org for information on current and planned flood control work. Also, Buyer may contact the City of Napa and County of Napa combined public information hotline for information regarding public construction projects in the County. This hotline is updated approximately weekly, and can be reached at (888) 826-8627.

12. SECOND UNITS: The construction and use of second dwelling units, including "in law," "Granny" or "Guest" units, may be unlawful. Buyer should verify the legality of any existing or planned second units with the appropriate city planning department or with the Napa County Conservation, Development and Planning Department, and with all other appropriate city and county public agencies. Some jurisdictions within Napa County have zoning restrictions that prohibit building second units, and some jurisdictions require that the property owner personally live in either the main unit or the second dwelling unit.

13. SEPTIC SYSTEM/WASTEWATER TREATMENT SYSTEM REGULATIONS: The State Water Resources Control Board (SWRCB) has adopted a specific Water Quality Control Policy for Siting, Design, Operation, and Maintenance of Onsite Wastewater Treatment Systems, which are also referred to as "septic systems" (the "OWTS Policy"). The Policy sets standards for onsite wastewater treatment systems (OWTS) that are constructed or replaced, that are subject to a major repair, that pool or discharge waste to the surface of the ground, and that have affected, or will affect, groundwater or surface water to a degree that makes it unfit for drinking water or other uses, or cause a health or other public nuisance condition. The OWTS Policy also includes minimum operating requirements for OWTS that may include siting, construction, and performance requirements; requirements for OWTS near certain waters; requirements authorizing local agency implementation of the requirements; corrective action requirements; minimum monitoring requirements; exemption criteria; requirements for determining when an existing OWTS is subject to major repair, and a conditional waiver of waste discharge requirements.

The regional water quality control boards are required to incorporate the standards established in the OWTS Policy, or standards that are more protective of the environment and public health, into their water

quality control plans. Implementation of the OWTS Policy is being overseen by the SWRCB, the regional water quality control boards, and local agencies (e.g., county and city departments and independent districts) which have the opportunity to implement local agency management programs if approved by the applicable regional water quality control board.

As part of Buyer's investigation of the property, Buyer is advised to obtain the latest information regarding all applicable OWTS regulations and any related local government ordinances, regulations, proposed ordinances and regulations affecting or that might affect the property, by contacting the appropriate governmental agencies. Buyer can get more information about OWTS/Septic System regulations by contacting the State Water Resources Control Board (916) 341-5250, by reviewing the SWRCB's website: http://www.swrcb.ca.gov/water_issues/programs/owts/board_adopted_policy.shtml and by contacting the applicable local government's environmental health department and the Regional Water Board. To find which Regional Water Board regulates the subject property, go to the link below and enter the property address: http://www.waterboards.ca.gov/waterboards_map.shtml. Buyer should also contact the County of Napa Environmental Management Department at 1195 Third Street, Room 101 Napa, CA 94559; (707) 253-4471 and by reviewing the County website: <http://www.co.napa.ca.us/>

14. **SERVICE ANIMALS AND COMPANION ANIMALS:** When showing homes for sale (including but not limited to open houses and private showings) or when rental properties are offered to the public, the Seller/owner, Brokers and real estate agents must act in compliance with all state and federal fair housing laws and regulations, including but not limited to providing unrestricted access to potential buyers and potential tenants who are accompanied by service/companion animals.
15. **SHORT SALES:** Sellers facing mortgage difficulties have several options including a loan modification, short sale, foreclosure, deed in lieu of foreclosure and bankruptcy; each seller's situation is different. The Seller's decision as to which of these options are chosen may affect the Seller's taxes, credit rating, and/or future options. Brokers and their agents cannot, and will not, provide tax, credit and/or legal advice regarding these possible options, or how any of these issues may affect any sale of the Property. Because of these important issues, prior to proceeding with a short sale, Sellers are strongly urged to consult with a Certified Public Accountant, credit consultant, and/or an attorney specializing in real property, taxation and bankruptcy issues. To the extent that Seller fails to obtain this necessary advice, Seller is acting against the the advice and recommendation of Broker.

Seller and Buyer acknowledge and agree that Broker and agent have advised Seller and Buyer that the sale of the Property could result in a "short sale". A short sale means that there is insufficient equity in the Property to pay off all of the liens, including deeds in trust, judgments, unpaid taxes and any other debts that have been recorded against the Property and/or the closing costs, including real estate commissions. Therefore the Seller's lender(s) must agree to take less money than they are legally entitled to receive so as to enable the Seller to sell the Property to the Buyer for the terms agreed to in the purchase agreement.

Seller and Buyer acknowledge and agree that as part of the short sale approval process the lender(s) will issue a letter or other document detailing the terms and conditions upon which the lender(s) will agree to a short sale ("Term Sheet"). The Term Sheet must be adhered to by all parties. A Seller is only entitled to the lender-approved short sale if ALL of the terms and conditions required by the lender(s) are fully met. There is potential liability for any party who tries to circumvent or "work around" those terms and conditions either through escrow or outside of escrow. All payments to be made by any party to anyone as part of the Buyer's acquisition of the Property must be fully disclosed to all lenders and approved by all lenders.

There may be significant legal and/or tax ramifications to the Seller as the result of a short sale. For example, the Term Sheet may: (A) Require that the Seller sign a new note, and possibly even record a Deed of Trust against other property owned by Seller; (B) State that the Seller remains liable for any amount forgiven by the lender(s) as a result of the short sale; (C) State that the lender(s) reserve their right to hold the Seller liable for that amount in the future; or (D) Be silent as to future seller liability for that amount. As such, Seller should not even consider approving the lender's Term Sheet and/or proceeding with a short sale without first reviewing their legal and financial status with appropriate professionals, including but not limited to attorneys who specialize in bankruptcy issues and financial advisors who understand the tax implications of reducing the Seller's debt as part of a short sale.

Seller and Buyer acknowledge and agree that the Seller's lender(s) are not obligated to approve the short sale and they are not obligated to provide any type of response regarding the short sale during any set period of time.

If the Seller has ceased making mortgage payments, the lender(s) may file a Notice of Default and proceed with a foreclosure action notwithstanding the fact that there are ongoing short sale negotiations. Negotiating a short sale does not stop the foreclosure process. Seller and Buyer understand and acknowledge that the Broker and agent cannot and do not guarantee that a short sale can be obtained from the lender(s) and/or that the foreclosure process can or will be stopped. If a Notice of Default has been filed, Seller should immediately consult with a real estate and/or bankruptcy attorney.

Seller and Buyer acknowledge and agree that they have been advised that the sale may not close unless all of the lien holders agree to take the amount that is offered to them (as specified by the Term Sheet) which may be considerably less than the amount that is owed to them. Seller and Buyer further understand that escrow could be delayed for a substantial period of time as a result of resolving the various issues involved in a short sale. Therefore, Seller and Buyer acknowledge and agree that Broker and agent cannot and do not guarantee that escrow will actually close or when it will close.

Seller and Buyer acknowledge and agree that they have a duty to exercise reasonable care to protect their own interests by conducting their own investigation and verification of all information that has been or will be provided to them regarding the short sale process and/or the Property. Seller and Buyer further acknowledge and agree that Broker and agent cannot and will not provide any tax or legal advice regarding the legal or practical effect of a short sale transaction or a possible foreclosure. Seller and Buyer further acknowledge and agree that it is their responsibility to consult with their own legal and tax professionals regarding the effects of the short sale. If you cannot afford to consult an attorney and accountant, consult with a HUD-Certified housing counselor (800) 569-4287, <http://www.hud.gov/offices/hsg/sfh/hcc/fo/> and/or legal aid provider in your community: Napa County: (510) 663-4744 or www.baylegal.org ; Sonoma County: (707) 542-1290 or <http://legalaidsc.org/> ; Mendocino and Lake Counties: (916) 551-2150 or www.lsn.net .

16. **STORAGE TANKS:** Permits are required for certain tanks that are or were used for storing flammable or combustible liquids, whether or not they are in use. Buyer is advised to consult with appropriate experts to determine whether these such storage tanks are located on the surface or underground on the property, and to consult with such experts and all city, county and state agencies with authority when storage tanks are present on the property, to determine applicable requirements.
17. **TAX AND LEGAL ADVICE:** Buyer and Seller are advised buying or selling real property may have significant tax and legal consequences. Buyer and Seller should seek the advice and counsel of a Certified Public Accountant, Attorney and other qualified sources regarding their real estate transaction. Real estate brokers and agents are not trained or licensed to, nor do they make any representation whatsoever regarding, the tax and legal consequences of buying or selling property or any tax-related issues. Accordingly, neither Buyer nor Seller may rely upon any statements made by the broker or agent regarding tax and legal matters.
18. **TITLE INSURANCE AND PRELIMINARY REPORTS:** There are various types of title insurance policies with different costs and coverages, such as an ALTA Owners or Residential Policy or CLTA Policy with or without endorsement(s). There are also title insurance policies that protect the interests of a Seller who finances all or part of the purchase price. Buyer and Seller should discuss the choice of title insurance policies with a title insurance company. Buyer (and Seller where appropriate or as described above) are advised to obtain title insurance, in addition to the parties' obtaining a preliminary report from the title insurance company, to carefully review the report, obtain and review copies of all exceptions described in the report, and review all other matters which may affect title to the property, including but not limited to easements, covenants, conditions, restrictions, encumbrances and other matters, whether or not in the public record. If Buyer or Seller has any questions regarding the state of title, whether arising from the preliminary report, the exceptions shown in the preliminary report, or other matters affecting title, the parties should consult with qualified professionals, including but not limited to title insurance companies' title officers, licensed surveyors and attorneys.
19. **TRANSFER DISCLOSURE STATEMENT/BUYER'S RECISSION RIGHTS:** Unless exempt, sellers of residential property of 1 to 4 units must complete the Real Estate Transfer Disclosure Statement ("TDS"), even if the property is being sold "AS IS". California law gives buyers the right to rescind the transaction within three (3) days of personal delivery and five (5) days of mailing of the TDS if the buyer is dissatisfied with the information supplied by the sellers. The parties cannot waive this statutory right. If the seller becomes aware of new information that could affect the value or desirability of the property that was not already disclosed in the TDS, California law provides that the seller "may" (not "must") amend the TDS; however some contract forms require the seller to amend the TDS under certain circumstances. Only if the TDS is amended, in writing, by the seller or the Listing Agent (but not by the

Selling Agent) does the buyer have the right to terminate the purchase contract within three (3) days of personal delivery and five (5) days of mailing of the amended TDS.

- 20. UNDERGROUND UTILITIES AND PIPELINES:** Some communities have elected to move utility lines underground. These projects may result in new or additional tax assessments, increased costs for property owners and disruptions due to construction. Natural gas, water and other fuels are delivered to communities and residential and commercial end-users through networks of underground pipelines. Some areas served by such pipelines have suffered serious adverse impacts resulting from their presence, including deaths and personal injuries, destruction and damage to homes, other buildings, and roadways, as well as service disruptions. Buyer is advised to investigate these issues with the appropriate governmental agencies and/or service providers such as Pacific Gas and Electric Company ("PG&E") to determine if the Property has been, is being, or will be impacted by underground utilities and/or pipelines.
- 21. VIEWSHED PROTECTION ORDINANCE:** The County of Napa's Viewshed Protection Ordinance (Napa County Code, Chapter 18.106 *et seq.*) affects real property in the unincorporated areas of Napa County. The ordinance may apply to and limit or prohibit certain types of developments, including but not limited to: improvements to existing structures and construction of new structures, grading and earthmoving activities, tentative and final parcel and subdivision maps, and to activities and structures requiring a use permit. For detailed information regarding this ordinance, Buyer is advised to contact the Napa County Conservation, Development and Planning Department's office at 1195 Third Street, Napa, CA 94559, (707) 253-4416. No warranties are given and no representations are made by the Seller or the brokers or agents of any party to this transaction regarding the applicability of the Viewshed Protection Ordinance as to the present use of the property, or as to Buyer's intended present or future use.
- 22. WATERSHED/LAND USE-RELATED REGULATIONS AND ORDINANCES:** The County of Napa has enacted conservation regulations that require, among other things, setbacks along designated streams and creeks, erosion control permits, grading permits, and other permits necessary for development of any new or accessory structure, vineyard, earthmoving or land conversion in the unincorporated portions of Napa County and located within the Napa River Watershed. The State of California, the County of Napa, certain cities and towns within Napa County where the property is located, and some or all of their governing bodies have enacted and/or may in the future enact additional laws, ordinances, regulations and amendments and revisions thereto (including voter-approved ballot measures within these jurisdictions) which affect and may restrict land uses, development, construction (including remodeling, grading and water use), and demolition activities on the property (collectively "Laws"). New and amended Laws affecting watersheds, land uses, water use and conservation, development and construction continue to be developed, proposed, revised, debated and enacted. As part of Buyer's investigation of the property, Buyer is advised to obtain the latest information regarding all such applicable Laws, whether enacted or merely proposed, that currently affect or that might in the future affect the property or the cost to make any changes or improvements to the property. Such information may be obtained by contacting all the County and city governmental agencies that may have jurisdiction over the property and by searching in the archives of the local and statewide news media. Examples of County and city governmental agencies that may have information on these Laws include, but are not limited to, the County of Napa and the County's Conservation, Development and Planning Department's office at 1195 Third Street, Napa, CA 94559, (707) 253-4416, the applicable city's chief building official, chief planning official and chief code enforcement official, and all the other governmental agencies described in this Disclosure Advisory and in the SBSA form described above. Beginning April 2010, U.S. Environmental Protection Agency (EPA) regulations require, among other things: (a) that contractors be certified before performing work in homes built before 1978, and (b) that property owners who wish to renovate, repair, or prepare surfaces for painting in pre-1978 rental housing or space rented by child-care facilities must, before beginning work, also be certified and follow the lead-safe work practices required by EPA's Renovation, Repair and Remodeling rule. For detailed information, contact the U.S. EPA's Lead Information Center at 1-800-424-LEAD [5323], or at 75 Hawthorne St., San Francisco, CA 94105 (415) 947-4280, or at: <http://www.epa.gov/lead/pubs/renovation.htm>

THE PARTIES ACKNOWLEDGE THE FOLLOWING REGARDING BROKER:

(i) Broker does not warrant or guarantee the condition of the Property; (ii) Broker shall not be responsible for failure to disclose to Buyer facts regarding the condition of the property where the condition (a) is unknown to Broker or (b) is not capable of being seen by Broker because it is in an area of the property that is reasonably and normally inaccessible to a Broker; (iii) Broker has no duty to inspect and does not inspect (a) any areas that are located outside of

the property; (b) common areas, (c) public records or permits of any kind regarding the state of title or the use of the property, or (d) any other matter affecting or relating to the property that are described in this Disclosure Advisory; (iv) Broker has not verified square footage or size of structures or land, boundary lines of the property, representations made by others (including but not limited to the Seller), information contained in inspection reports or in the Multiple Listing Service or that has been copied therefrom, or in advertisements, flyers or other promotional material, or any other matters described in this Disclosure Advisory, unless otherwise agreed in writing; (v) Broker does not guarantee and shall not be responsible for the labor or services or products provided by others to or on behalf of Buyer or Seller and does not guarantee and shall not be responsible for the quality, adequacy, completeness or code compliance of repairs made by Seller or by others; (vi) Broker does not decide what price Buyer should pay or Seller should accept; and (vii) Broker is not qualified to give legal, tax, insurance or title advice.

In these and all other matters referred to in this Disclosure Advisory, Buyer and Seller are advised to seek any desired assistance from appropriate qualified professionals. Nothing any broker or sales agent may say will change the terms or effect of this Advisory.

BY SIGNING BELOW, BUYER AND SELLER EACH ACKNOWLEDGE THAT THEY HAVE READ, UNDERSTAND, AND RECEIVED A COPY OF THIS NINE (9) PAGE DOCUMENT. BUYER AND SELLER ARE ENCOURAGED TO READ IT CAREFULLY.

DATED: _____
Buyer

DATED: _____
Seller

DATED: _____
Buyer

DATED: _____
Seller