

AGENDA ITEM REQUEST FORM

Department: Rent Program

Department Head: Nicolas Traylor

Phone: 620-6564

Meeting Date: November 20, 2019

Final Decision Date Deadline: November 20, 2019

STATEMENT OF THE ISSUE: The Contra Costa Association of Realtors (CCAR) is the prominent realtor association in Contra Costa County. Staff and members of the Rent Board are recommending that the Rent Board submit a formal letter to CCAR requesting amendments to existing language in the Realtors Disclosures and Disclaimers Advisory and additions to the Purchase Agreement Addendum to ensure that sellers and buyers of residential real estate in Contra Costa County are adequately informed of the Richmond Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance.

INDICATE APPROPRIATE BODY

- | | | | | |
|---|---|--|--|---|
| <input type="checkbox"/> City Council | <input type="checkbox"/> Redevelopment Agency | <input type="checkbox"/> Housing Authority | <input type="checkbox"/> Surplus Property Authority | <input type="checkbox"/> Joint Powers Financing Authority |
| <input type="checkbox"/> Finance Standing Committee | <input type="checkbox"/> Public Safety Public Services Standing Committee | <input type="checkbox"/> Local Reuse Authority | <input checked="" type="checkbox"/> Other: <u>Rent Board</u> | |

ITEM

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|---|--|---------------------------------|
| <input type="checkbox"/> Presentation/Proclamation/Commendation (3-Minute Time Limit) | | |
| <input type="checkbox"/> Public Hearing | <input type="checkbox"/> Regulation | <input type="checkbox"/> Other: |
| <input type="checkbox"/> Contract/Agreement | <input checked="" type="checkbox"/> Rent Board As Whole | |
| <input type="checkbox"/> Grant Application/Acceptance | <input type="checkbox"/> Claims Filed Against City of Richmond | |
| <input type="checkbox"/> Resolution | <input type="checkbox"/> Video/PowerPoint Presentation (contact KCRT @ 620.6759) | |

RECOMMENDED ACTION: APPROVE a letter addressed to the Director of Governmental Affairs for the Contra Costa Association of Realtors requesting the inclusion of additional language in both the Disclosures and Disclaimers Advisory and Purchase Agreement Addendum documents and DIRECT staff to transmit the letter and keep the Rent Board apprised of the response from the Contra Costa Association of Realtors – Rent Board (Lauren Maddock/Virginia Finlay 620-5552).

AGENDA ITEM NO:
G-3.



AGENDA REPORT

DATE: November 20, 2019

TO: Members of the Rent Board

FROM: Lauren Maddock, Rent Board Chair
Virginia Finlay, Boardmember
Nicolas Traylor, Executive Director
Paige Roosa, Deputy Director

SUBJECT: REQUESTED AMENDMENTS TO CONTRA COSTA ASSOCIATION OF REALTORS DISCLOSURES AND DISCLAIMERS ADVISORY AND PURCHASE AGREEMENT ADDENDUM DOCUMENTS

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RECOMMENDED ACTION:

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FISCAL IMPACT:

The fiscal impact of this item, if approved by the Contra Costa Association of Realtors, will depend on the frequency with which the Rent Program receives requests for completion of the proposed Property Status Form. The staff time required to complete the Property Status Form and corresponding Public Records Act requests is anticipated to range from one to five hours, depending on complexity, per request. This staff time

will be absorbed by existing employees and is not expected, in isolation, to merit or require the hiring of additional staff members at this time.

DISCUSSION:

Background

The Contra Costa County Disclosures and Disclaimers Advisory document is used in conjunction with the California Association of Realtors Statewide Buyer and Seller Advisory to provide general information about selling and buying real property in Contra Costa County (Attachment 1). This document contains general topics of information and provides standardized advice on one or more items related to the sale of real property. Nothing specific about the property is disclosed and the advice contained in the document is what a real estate broker typically warns their clients about.

Item 48 on page 15 of the Disclosures and Disclaimers Advisory document, titled, “Local Rental Issues,” mentions the existence of “Rent and Eviction controls which has been the subject of litigation [...]” The existing language neither mentions the fact that such litigation was dismissed without prejudice in May 2017, nor does it include contact information for the Rent Program. Staff and Boardmembers Maddock and Finlay are recommending minor edits to clarify existing language.

The Purchase Agreement Addendum document is intended for use in the City of Richmond and is applicable to properties with four or fewer units. The document is produced by a prospective purchaser of property and given to the seller for completion (Attachment 2). The Purchase Agreement Addendum contains information about specific requirements associated with residential real estate, such as Sewer Lateral Compliance, the existence of Marina Bay Redevelopment Fee, Water Conserving Plumbing Fixture requirements, and other safety requirements. Boardmembers Maddock and Finlay are recommending the inclusion of language specific to the Rent Ordinance in this document.

Requested Amendments

As articulated in the letter to the Director of Governmental Affairs for the Contra Costa County Association of Realtors, the specific amendments requested by the Rent Board are as follows (Attachment 3):

1. Item 48 of the Disclosures and Disclaimers Advisory be amended to include the following (amendments are in bold):

The City of Richmond enacted an Ordinance covering Rent and Eviction Control that was the subject of litigation but the lawsuit **was later dismissed without prejudice in May 2017**. Other cities have or may create comparable requirements and/or require the existence of applicable laws regulating their ability to rent property and satisfy themselves as to whether that type of

ordinance will impact their intended use of the Property. Determining the existence of and/or the applicability of any laws regulating the ability of a Property Owner to rent some or all of the property, the amount of rent, the eviction of tenants, and/or mandatory city rental health and safety inspections, is beyond the expertise of the real estate professionals. **For more information about the City of Richmond Rent Ordinance, sellers and buyers should contact the Richmond Rent Program, located at 440 Civic Center Plaza, Suite 200, Richmond, CA 94804 | (510) 234-RENT [7368] | rent@ci.richmond.ca.us.**

2. The “Sources of Information” section on page 5 of the Purchase Agreement Addendum be amended to include following:

Richmond Rent Program: www.richmondrent.org, 440 Civic Center Plaza, Suite 200, Richmond, CA 94804, Tel: (510) 234-RENT [7368], Email: rent@ci.richmond.ca.us

3. Attachment 4 be incorporated into the Purchase Agreement Addendum to verify compliance with the Rent Ordinance. A corresponding Property Status Form would be completed by a Rent Program staff member upon the request of a seller (Attachment 5).

Proposed Next Steps

Should the Board approve of the proposed letter, staff will send the letter on the following business day to the CCAR Director of Governmental Affairs. The specific requests contained in the letter will be forwarded to the CCAR Forms Committee, followed by the Board of Directors, for their consideration and approval. According to the CCAR Director of Governmental Affairs, the earliest the Forms Committee could reasonably consider the Board’s request would be within the first quarter of 2020, likely in March or April. Staff members will keep the Board apprised of their progress and any updates from the Forms Committee and Board of Directors.

DOCUMENTS ATTACHED:

Attachment 1 – Contra Costa County Disclosures and Disclaimers Advisory

Attachment 2 – Contra Costa County Purchase Agreement Addendum

Attachment 3 – Letter to CCAR Director of Governmental Affairs

Attachment 4 – Richmond Rent Program Certification of Compliance

Attachment 5 – Richmond Rent Program Property Status Form

**CONTRA COSTA COUNTY
DISCLOSURES AND DISCLAIMERS ADVISORY**
*(This form is intended for use with the California Association of REALTORS®
form "Statewide Buyer and Seller Advisory")*

This Advisory is for use in Contra Costa County. Please read it carefully along with any local Advisories or local disclosures and Seller or Agent Disclosures relating to the Property.

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INTRODUCTION

This Advisory provides general information about selling and buying real property in Contra Costa County and is effective as of October of 2018. It is not intended to be a comprehensive guide to buying real estate nor is it designed to alarm Buyers and Sellers. Although this Advisory does not limit any legal duty of real estate brokers, it does point out some limitations on real estate brokers' duties. This Advisory is designed to be used in conjunction with the California Association of REALTORS® Statewide Buyer Seller Advisory to explain that when transferring something as important and valuable as real estate, Buyers and Sellers have a legal responsibility to protect themselves by taking the actions recommended in this Advisory. Buyers should not just rely on real estate brokers or Sellers as sources for all information. When Buyers have questions, doubts or concerns, they should conduct their own investigation with their own chosen professionals. For more information about Contra Costa County, go online at: <http://www.co.contra-costa.ca.us/>.

ITEM G-3 ATTACHMENT 1

The information in this Advisory may change over time and/or new issues may develop due to actions taken at the federal, state, county, city and/or private, local level. Some of the issues that are covered in this Advisory are point of sale or retrofit requirements that may also get triggered by remodeling efforts or efficiency requirements. Sellers and Buyers should investigate the applicability of these requirements to the past, present and future use sale, purchase, ownership and/or development of the Property.

- Sellers must disclose anything that is known to the Sellers that materially affects the value or desirability of the Property. Sellers who need help in completing their disclosure obligations should consult with their own qualified, California real estate attorney; Brokers cannot determine the legal sufficiency of any disclosure.
- Sellers should conduct a diligent search of their documents to determine if they have any reports, disclosures, repair estimates and invoices (of any age) or other information which relate to the Property or the issues in this Advisory and provide a copy of that material to Buyers preferably with the Sellers' disclosure documents regardless of which disclosure forms are used.
- Sellers and Buyers should read this Advisory in conjunction with a careful review of all disclosures required by Sellers and by the real estate Brokers involved in the transaction including, without limitation, the Real Estate Transfer Disclosure Statement and the Supplemental Property Questionnaire, if provided by Seller.
- Buyers are responsible for conducting their own investigations into the issues discussed in this Advisory as well as those issues that are not referenced in this Advisory to the extent that those additional issues may affect the Buyers' determination of the use, value, desirability or development of the Property. That investigation should take place prior to the Buyer's removal or waiver of any inspection contingency. Buyers are urged to:
 - Carefully read the information contained in any advisories, pamphlets, disclosures, inspections, and/or reports that Buyers receive from any source.
 - Conduct additional/further investigations and inspections regarding any issues that concern Buyers which are raised in the documents received by Buyers from any source.
 - Thoroughly and thoughtfully inspect and evaluate the Property and, in so doing, meet Buyers' obligation to protect themselves, including those facts which are known to or within the diligent attention and observation of the Buyers.
- Buyers need to inquire into other or additional matters (beyond those contained in this Advisory) to the extent that those additional issues affect the Buyers' determination of the use, value, desirability or development of the Property.
- Buyers must bear in mind that a Property may suffer defects and deficiencies of which neither Sellers nor Brokers are aware. Buyers should also recognize that not all issues can be objectively determined and some issues can have varying impacts on different people since some people may be more sensitive than others.
- Buyers are urged to engage licensed professionals to evaluate all aspects of the Property and to consult all appropriate governmental agencies. Buyers' right to conduct certain types of investigations may be limited by the Purchase Contract or other factors such as Homeowners' Association requirements.
- Any representations about the issues in this Advisory made by third parties have not been verified by Brokers and need to be independently confirmed by Buyers.
- **Although licensed to list, sell and lease real estate, Brokers may not have expertise on the issues in this Advisory.**

This Advisory is not meant to be a complete source of information on all matters which can become issues in real property purchase and sale contracts. Given Buyers' legal duty to exercise reasonable care to protect themselves regarding facts that are known to them or within their diligent attention or observation, Buyers are urged to investigate, without limitation, the items listed in this Advisory as well as the condition of the foundation, roof, plumbing, heating air conditioning, electrical, mechanical, energy efficiency, security, appliances/personal property, pool/spa, and all other aspects of the property prior to removing any contingencies, if any.

A. MARKET CONDITIONS ADVISORY

Real estate markets are cyclical. It is impossible to predict what market conditions will be at any given time. The ultimate decision of how much to offer on any property rests with Buyers. Buyers need to decide what they are willing to pay in light of market conditions and their own financial resources. Buyers must also decide what type of offer to make in recognition of existing market conditions. Purchase price is not a simple calculation based upon square footage but an agreement as to what Buyers will pay and what Sellers will accept.

Real estate brokers traditionally recommend that Buyers protect themselves by conditioning their purchase on an inspection of the Property so that the Buyers can be assured that the Property meets their needs. In some markets, many Buyers are choosing to forego that sage advice so that their offer is more attractive to Sellers. If, after making an offer without a property condition contingency, Buyers become aware of an aspect of the condition of the Property that affects its value or desirability, Buyers may still be required to proceed to purchase the Property or possibly pay damages to the Seller, which may be the deposit in escrow. If this is a condition that must subsequently be repaired, Buyers may have no legal recourse against any of the parties in the transaction after escrow closes, including the Seller, the brokers or the inspectors, and then the Buyers may have to pay to correct those problems.

Waiving the right to have a contingency regarding the property condition does not necessarily waive the Buyers' right to access the Property, even if the Property is being sold "AS IS". Regardless of whether there is a property condition contingency, Broker recommends that prospective Buyers have the Property thoroughly inspected by their own experts prior to the close of escrow.

The lender's approval of financing includes the lender's determination that (1) Buyers are creditworthy and can afford to make the mortgage payments and (2) that the Property appraises for at least the principal amount of the loan. Even if Buyers have obtained a pre-qualification or pre-approval letter from a lender, the lender may not ultimately approve the loan if the lender's appraiser determines that the Property's fair market value is less than the amount of the purchase price or if the Buyers' financial/employment situation has changed. If there is no financing contingency and the Property does not "appraise", Buyers may not be able to afford to make up the difference between the loan amount applied for and the loan amount actually offered by the lender. Under those circumstances, Buyers may not be able to perform on Buyers' contractual obligations. This could then result in the Buyers paying damages to the Seller. **It is a serious risk for Buyers to eliminate from the purchase contract their right to have a financing and/or appraisal contingency if they intend to secure a loan.**

B. GENERAL PROPERTY ADVISORIES

1. **EXISTING HOUSING STOCK**: Many properties have been built under different building codes and may not accommodate current or future personal property items such as electric cars. Regardless of its age, Buyers should have the Property inspected by a competent property inspector and obtain additional inspections recommended in any inspection report, or as may be necessary for Buyers to determine the actual condition of the Property. The Property's components, appliances, fixtures, systems and materials may have varying degrees of remaining useful life and may be subject to failure without notice. In addition, not all components, improvements or fixtures of the Property may comply with current code, zoning, health and safety, setback requirements, religious or cultural preferences. Some homes contain appliances, products or manufactured materials, such as Chinese dry wall, which may be defective, create problems with the use or value of other aspects of the home and/or may be subject to manufacturer or governmental recall and/or a class action lawsuit. All homes include many components which require ongoing maintenance. Deferred maintenance will decrease the life span and/or functionality of many of these components. Buyers should seek reliable advice from appropriate professionals and to plan/budget for maintenance and future repairs.
2. **FLOORS AND WALLS**: The personal property of the Seller may make a visual inspection of floors and walls difficult. The existence of certain types of floor coverings, such as carpeting and rugs, as well as certain types of wall coverings, such as wallpaper and paneling, and furniture prevent inspectors and brokers from inspecting the condition of the floors and walls beneath those materials. When exposed, these areas may have a different pattern of wear or shade of color. If Buyers wish to determine the condition of the floors and walls beneath such coverings, Buyers will need to secure the written authorization of the Seller to conduct investigations with appropriate professionals since removal of floor coverings may be required.
3. **TEMPERED GLASS**: Many homes contain glass that IS NOT tempered in locations where tempered glass IS required by building regulations. Buyers are advised to have a contractor's inspection to identify the presence

of any glass that is not properly tempered before removing a physical inspection contingency. Buyers should consider replacing any non-tempered glass with tempered glass to reduce the risk of injury.

4. **FIREPLACES: WOOD-BURNING APPLIANCES:** Residential wood burning is the leading source of wintertime air pollution in the Bay Area and studies have confirmed there are significant health impacts from exposure to fine particulate matter found in wood smoke. The Bay Area Air Quality Management District ("BAAQMD") established the Wood Smoke Rule, Regulation 6, Rule 3 to reduce wintertime smoke pollution and protect public health. The Wood Smoke Rule requires anyone selling, renting or leasing a property in the Bay Area to disclose the potential health impacts from air pollution caused from burning wood. Fine particulate matter, also known as PM2.5, can travel deep into the respiratory system, bypass the lungs and enter the blood stream. Exposure may cause short-term and long-term health effects, including eye, nose and throat irritation, reduced lung function, asthma, chronic bronchitis, cancer and premature deaths. Exposure to fine particulates can worsen existing respiratory conditions. High PM2.5 levels are associated with increased respiratory and cardiovascular hospital admissions, emergency department visits, and even deaths. Children, the elderly and those with pre-existing respiratory or heart conditions are most at risk from negative health effects of PM2.5 exposure. Buyers should consult with a licensed professional to inspect, properly maintain, and operate a wood burning stove or fireplace insert according to manufacturer's specifications to help reduce wood smoke pollution. The Air District encourages the use of cleaner and more efficient, non-wood burning heating options such as gas-fueled or electric fireplace inserts to help reduce emissions and exposure to fine particulates.

When the BAAQMD issues a Winter Spare the Air Alert during the winter season from November 1st through the end of February, it is illegal to burn wood, manufactured fire logs, pellets or any solid fuels in fireplaces, wood stoves or outdoor fire pits. To check when the air quality is unhealthy and when a Winter Spare the Air Alert is issued, call 1-877-4NO-BURN or visit www.baaqmd.gov or www.sparetheair.org. The information in Paragraph 4 was provided by BAAQMD. Brokers have not verified and will not verify any of the information provided by BAAQMD.

5. **SQUARE FOOTAGE AND LOT SIZE:** Different sources of size information often provide different square footage or lot size numbers for a property. Public records may be, and often are, inaccurate and there are frequently discrepancies in the advertised sizes. Buyers are advised that square footage and/or lot size numbers, which may be obtained from various sources such as public records, MLS and others that are provided to Buyers are not, and will not be, verified by Sellers or the real estate agents. Buyers should obtain a specific disclosure regarding any known size discrepancies from Sellers and/or the real estate Brokers. **If the square footage or lot size of the property is an important consideration in Buyers' decision to purchase the Property and/or how much Buyers are willing to pay for the Property, then Buyers must independently conduct Buyers' own investigation through appropriate professionals and rely solely on that data.**
6. **FENCE MAINTENANCE:** If the Property has a fence that is located on the boundary line, Civil Code Section 841 provides that the adjoining private landowners have an equal obligation to maintain the fence. However, fences are often not located on the boundary line and when that is true, who is responsible for maintaining the fence is a legal determination. Thus, questions regarding who is responsible for repairing or maintaining a fence should be reviewed with a qualified California real estate attorney. Brokers are not qualified to make that determination.
7. **TREES AND VEGETATION:** *Protected Trees.* Most cities have an ordinance that requires property owners to obtain a permit prior to removing *Protected Trees* from their property. *Protected Trees* are defined within the code of each city. Removing or damaging any *Protected Tree* without the proper permit constitutes an infraction. In addition to the cost of the infraction, violators may be liable for damages. A City may place a lien on the Property if imposed fees are not paid on a timely basis. That lien may subsequently be added to the county property tax bill.

Hazardous Trees: Some cities define hazardous tree conditions within their Municipal Building Codes and address ways of mitigating those conditions on both private and public property. There are often stringent time frames for responding to hazardous tree claims. If hazardous tree claims are not resolved privately, a claimant may, as a last resort, pursue the claim through the court system.

View Ordinances: Some cities have view ordinances that restrict the height of trees so that trees do not unreasonably obstruct the view that existed at the time of purchase of the property. Certain trees that are part of the natural habitat can be exempt from this law. Often a view property will have recently trimmed trees and

shrubs revealing the view. Buyers should take note that maintaining that view could entail not only trimming foliage on their own property, but also enlisting the cooperation of their neighbor to keep their foliage trimmed, usually at the Buyers' expense. Cities do not take an active role in these issues; rather they encourage the private resolution of such disputes. Each city has a slightly different mechanism for handling these situations, and Buyer is encouraged to review the Municipal Code during their inspection period.

Buyers are encouraged to seek the advice of a licensed arborist for any questions regarding trees that are on the Property or on a neighbor's property.

8. **RIVER, CREEK AND LEVEE PROTECTION:** Many properties are impacted by creeks (a narrow channel or small stream) and/or culverts (a man-made structure used to enclose a flowing body of water which is usually designed to allow water to pass underneath a road or other structures). If the Property includes, abuts or is located near a creek or culvert, Buyers should investigate the possibility of flooding and/or water intrusion or other nuisances that may result from proximity to those water sources by contacting appropriate experts. Brokers cannot determine these issues. In addition, some cities have enacted regulations regarding creeks and culverts making maintenance of these creeks and culverts the responsibility of adjacent property owners which can involve considerable expense.

For example, the City of Orinda has enacted ordinances (a) making creek maintenance the responsibility of the owner on commencing any work in, over or near a river, levee, creek or culvert whose property the creek or watercourse is located; and (b) providing for storm water pollution prevention measures. Buyers need to review local ordinances and maps with their own experts regarding these issues and before commencing any work in, over or near a creek or culvert.

9. **FLOOD MAPPING:** Flood maps and flood designations for all properties may change over time which could impact the future use, value, desirability or development of the Property as well as its insurability. Rising sea levels may also have an impact on future flooding. Under the "Homeowner Flood Insurance Affordability Act of 2014," properties in flood zones, designated in an NHD report, will experience annual premium increases which could be as much as 18% to 25% per year. For further details regarding any specific Property, go to: <https://www.floodsmart.gov/floodsmart/> or <http://www.realtor.org/articles/senate-passes-flood-insurance-with-house-amendments>
10. **ENVIRONMENTAL MAPPING:** Some of the third-party Natural Hazards Disclosure ("NHD") companies may provide information regarding environmental hazards that are mapped by the federal government, state or local entities such as Super Fund Clean-Up sites. Buyers should consider discussing with the NHDS provider what environmental disclosures and maps may be available.
11. **UNDERGROUND STORAGE TANKS (UST):** Many of the larger, older homes in this area built before 1935 may have or have had an Underground Storage Tank for the fuel oil that fired the Property's furnace. Virtually all of the old furnaces have been replaced; however, many of the fuel oil tanks remain buried on the property. In residential applications, the California State Water Resources Control Board regulates all UST's in this state. The licensing, inspection and regulation of UST's in residential application are currently exempt as long as the tank is less than 750 gallons and was used for fuel oil only. There is no guarantee that the Property would be exempt from abatement if a UST is discovered. Each municipality has different regulations concerning UST's that may include removal and soil clean-up of any toxic material that may have leaked from the tank. Buyers and Sellers are advised to speak directly to the Public Works Department, Building Department and/or Fire Department in the pertinent city concerning specific regulations affecting UST's.
12. **CONDOMINIUMS, COMMON INTEREST DEVELOPMENTS & HOMEOWNERS' ASSOCIATIONS:** If the Property is in a Common Interest Development ("CID"), the Seller should request that the Homeowners' Association (HOA) provide all required documents regarding the HOA operation and expenses to meet the Seller's disclosure obligations under Civil Code Section 4525. It is strongly recommended that Buyers receive the current HOA documents directly from the HOA rather than from any online service or from an earlier transaction. Although Sellers can legally provide their own copies of the required documents, the best practice is to have the HOA provide the documents so that Buyers receive the most current information.

Buyers need to carefully examine all of the documents that are provided regarding the HOA and compare the documents with the list of required disclosures specified in the HOA form from the California Association of REALTORS®.

ITEM G-3 ATTACHMENT 1

12/2018

Contra Costa County Disclosures and Disclaimers Advisory

If any document(s) are missing, Buyers should send a written request to the Seller that the Seller provide the missing documents and/or provide a written explanation for why the document(s) were not included with the other HOA documents.

Some HOAs do not prepare or keep all documents required by the law, such as reserve studies, minutes of all meetings and/or financials and may not be operating in compliance with the law. As a result, Buyers may only receive a portion of the state required documents; in which case Buyers must be aware that they are buying into an HOA without the benefit of the information those documents would provide. Buyers should retain the services of experts, such as attorneys, accountants or others who specialize in reviewing HOA documents to determine the adequacy of the reserves and whether or not the Property is suitable for Buyers' intended uses.

Any changes or improvements to a unit generally require some form of review and approval by the HOA. The HOA may impose significant restrictions on any changes, especially those which impact the common area(s). Those restrictions may include imposing maintenance obligations and/or indemnification requirements in case of damage during installation. Buyers should carefully review all HOA documents and determine the impact of those restrictions, during the contingency period, if they intend to make changes including but not limited to those which involve adding solar energy systems onto common area roofs or adding special equipment for televisions and other electronic equipment. Another example is that HOA often restrict the type of floor and/or wall material that can be used in certain units and/or the number of pets due to noise and other factors. Buyers should directly contact the HOA Board to determine whether or not the Property can be used for Buyers' intended purposes. Buyers should also determine whether or not the Property meets Buyers' subjective personal preferences. See also Paragraphs 34 & 35 regarding long-term and short-term rental issues.

Many CIDs have been involved in or are presently involved in litigation regarding the design, construction, maintenance and/or condition of all or a part of the Development. Whether or not these lawsuits are successful, litigation is expensive and the cost of such legal actions may impact not only the adequacy of the HOA reserves but also the amount of current or future assessments. The existence of HOA insurance does not necessarily mean that there is insurance coverage for any given single interest or unit in the Development, an owner's remodeling or upgrade efforts, and/or the owner's contents.

Occasionally issues arise in the purchase of Property in a CID regarding parking and/or storage spaces associated with a single interest or unit in the Development. Buyers should determine for themselves whether or not the allotted parking space(s) are adequate to park the Buyers' vehicle(s) in the assigned spaces by actually parking in those spaces. Parking space(s) and storage space(s), if any, may be described in a Condominium Map or in the Preliminary Report issued by a Title Company. The actual markings, striping and numbering of these space(s) may not accurately reflect the actual spaces and may be in conflict with the space(s) designated in the recorded documents. It is therefore crucial that Buyers personally determine that the parking and storage space(s) that are designated in the recorded documents are actually being transferred to Buyers and that those space(s) are acceptable for the Buyers' intended needs and uses of the Property.

Sellers who have ever served on the HOA Board, may have access to information and documentation that is not provided by the HOA and/or which is deemed "confidential" or protected by an "attorney client privilege". Sellers should consult with their own qualified California real estate attorneys to determine how they will need to disclose that additional information; Brokers are not qualified to evaluate or investigate those legal issues.

Effective January 1, 2017, owners of a single interest in a common interest development will be required to provide annual notification to the HOA of their contact information.

13. **PLASTIC PIPE:** Builders in the Contra Costa County area may have used PEX water pipes in constructing homes. This type of pipe, manufactured under the name of KITEC®, has been alleged in a class action lawsuit to be faulty and a settlement of that suit has been reached. Buyers should investigate the presence of such pipes prior to removing their inspection contingency. For additional information about this product and any litigation, go to: <http://www.kitecsettlement.com/faq.cfm>
14. **INSURANCE & C.L.U.E. REPORTS OF INSURANCE CLAIMS:** As part of Buyers investigation into their ability to obtain homeowners' insurance coverage, Buyers should ascertain if their chosen insurance company will require certain retrofit repairs, such as installation of safety glass and/or fireplace spark arresters and a gas shut-off valve. The fact that an insurance company may require these repairs does not necessarily mean that the Seller is obligated to pay for and/or make the repairs requested by the insurer. In addition, prior claims submitted by Buyers on other

properties may affect the final cost of the homeowners' insurance on the property being purchased by Buyers. Buyers should investigate these matters thoroughly prior to removing their inspection contingency.

Standard real estate purchase agreement forms require Sellers to provide Buyers with insurance claims history for the property for a period of five years preceding the sale. Sellers do not always know (or remember) the insurance claims history. Natural Hazards Disclosure Statement ("NHDS") Reports had included a report used by insurance companies called C.L.U.E., but NHDS Reports no longer include those reports. Because a C.L.U.E. report itself is not required, Sellers may disclose the insurance information themselves as part of the disclosure process. For the most accurate information regarding past insurance claims, Sellers may be able to either: (a) go online to: https://personalreports.lexisnexis.com/homesellers_disclosure_report/agent.jsp and create an account that will enable the Sellers to order a C.L.U.E. report; or (b) contact their homeowner insurance policy broker who may be able to provide a copy. Buyers can also include in their purchase contract an obligation for Sellers to provide them a C.L.U.E. report.

15. ONLINE INFORMATION: Information regarding the Property or the neighborhood may exist online in blogs, discussion boards, Facebook pages, etc. Some neighborhood associations and Homeowner's Associations (HOAs) have official sites; whereas other unofficial sites written by third parties may exist with postings about the community. Some of the online sites offer viewers the opportunity to express opinions and air complaints. The information contained on those sites may consist of opinion, speculation, unfounded assertions or rumor, making it difficult to determine what is factual and what is not. **Neither Seller nor any of the real estate licensees may be aware of, nor will they conduct a search of, such online information and they are not obligated to verify or explain the posted issues and/or commentary of third parties.**

16. PROBATE SALES AND COURT CONFIRMATION: An executor or administrator (the "Representative") of a probate estate may sell estate property if it is in the best interests of the estate to do so. The sale of estate real property is typically subject to Probate Court Confirmation. The Independent Administration of Estates Act ("IAEA") provides a simplified method of probating estates with limited court supervision. Under the IAEA, the Representative may list real property with a broker for a period not to exceed 90 days without prior court approval and to sell the Property without court confirmation, unless a person named in the will or other person who is entitled to receive a Notice of Proposed Action objects; in which case court confirmation will be required. The Representative's ability to sell without court supervision or approval under IAEA is not absolute and is conditioned upon there being no objections by interested persons (generally, the heirs). If there is any objection, Court Confirmation may be necessary.

Probate property is always sold "As-Is" and certain standard disclosure forms, such as the Real Estate Transfer Disclosure Statement, are not required. However, the Representative must nonetheless disclose all actual knowledge of material facts affecting the value or desirability of the Property.

If Court Confirmation is required and is subject to open competitive bidding (which is true in probate, conservatorship, guardianship, receivership or bankruptcy sales), it is strongly recommended that Buyers personally appear in Court when their offer is scheduled for confirmation. Buyers should understand that in most sales requiring Court Confirmation, the Property may continue to be marketed and that their broker and others may represent other competitive bidders prior to and at the Court Confirmation hearing. Different types of courts have their own rules for how to handle the possibility of over-bids, including whether initial deposits need to be in a certain amount or whether an over-bid needs to be a specific percentage above the original offer. Any questions regarding the specific rules for the Court where the confirmation hearing is to be held should be directed to the clerk of that Court. It is also strongly recommended that Buyers consult a real estate attorney who is knowledgeable about Court Confirmation sales since real estate brokers/agents are not qualified to provide legal advice.

17. SMOKE ALARMS AND CARBON MONOXIDE DETECTORS: California Health and Safety Code §13113.8 requires installation of smoke alarms in residential property. If a TDS is required, the Sellers certify in the TDS that the Property has (or will have prior to Close of Escrow) operable smoke alarms which are approved and installed in compliance with the State Fire Marshal's regulations and applicable local standards, including installation of alarms with 10-year batteries in all bedrooms before finalizing any permitted contracting work costing \$1,000 or more. State law requires carbon monoxide detectors in living areas of residential properties that have fossil fuel burning appliances, even if those appliances are several floors below, for example, furnaces in the basement of a condominium building.

18. **WATER HEATERS**: Under State law, all water heaters must be braced, anchored or strapped to resist falling or horizontal displacement due to earthquake motion and Sellers of Property must certify to Buyers that the bracing requirement has been satisfied. In addition, water heaters which are newly installed or moved must be raised so their ignition point is 18 inches off the ground. Many other plumbing code requirements may also apply, e.g. gas venting, pipe wrapping, temperature and pressure relief valves, drain valves, bollard protection in garages.
19. **ANIMALS**: The past or present existence of animals anywhere on the property may be a red flag of damage or other problems. Animal urine and feces can damage floors, floor coverings, walls, baseboards, or other components. Additionally, animals can attract fleas, ticks and other pests that can remain on the Property after the animal has been removed. Complete elimination of odors and other problems created by animals may not be possible even by professional cleaning efforts or replacing carpets, pads and other affected components.

Property may be subject to local ordinances regulating the maintenance, breeding, number or type of animals permitted, or other requirements such as spaying or neutering. Buyers should investigate whether Homeowner and Common Interest Associations have imposed restrictions on animals. Neighbors may have animals that can cause problems including but not limited to noise or odors. Common pets such as dogs can bark, cats are not easily contained, and in some cases more unusual animals (e.g. poultry, exotic birds, and reptiles) may create issues that impact the value, use and enjoyment of the Property.

California is home to a wide variety of animals, birds, reptiles and insect life, including but not limited to ants, bedbugs, bats, rodents, snakes and larger wild animals such as mountain lions and deer, some or all of which may enter or inhabit the Property and may be difficult to eliminate or control. These creatures can damage landscaping, might be a hazard to people, pets or other animals and may cause issues that impact the Buyers' use and enjoyment of the Property. Proximity to rural or open space areas increases the likelihood of this problem. Buyers should investigate these issues with licensed professionals, including local animal/pest control companies, and/or other qualified agencies or organizations during Buyers' inspection period.

20. **ARCHITECTURAL & CONSTRUCTION PLANS**: Property owners often have architectural/ construction plans and renderings, whether or not those plans were ever approved or used for any purpose. These plans and drawings do not "run with the land" even if the plans were used to build existing structures and even if they are on file with the local planning department. In most situations, Sellers's contracts with the architect specify that the plans remain the possession of the architect; the Seller is granted a limited "non-exclusive license" to use that material. Thus, Sellers generally do not have the legal right to advertise, sell or give that documentation to Buyers without the express written authorization of the architect who in all likelihood has copyrighted the plans. Buyers who want to use the Sellers' plans and drawings for any purpose should contact the creator of the plans directly for authorization to use that material.

C. FEDERAL, STATE AND REGIONAL CONDITIONS ADVISORIES

21. **UNSTABLE HILLSIDES**: Many hillside properties are active and potentially active landslide areas. Many of the geologic forces which have shaped California over the eons are still active today. The only way to determine the nature of the soil and bedrock under a structure, and how these forces may affect those structures, is with a geologic or geotechnical inspection and report.
22. **EXPANSIVE SOILS**: Some parts of the Contra Costa area have expansive, or adobe, soil which will expand and contract with the wet and dry seasons. This expansion and contraction can cause movement or shifting of structures and their foundations.
23. **HIGH WATER TABLES**: Some parts of Contra Costa County have high water tables that can intensify mold growth and compromise the stability of soil and/or foundation. In addition, high water tables may affect the use and enjoyment of the surrounding land, particularly during months of heavy rain. Buyers should consult the appropriate experts to help evaluate the effect of high-water tables on the subject property and, when necessary, consider drainage modifications to protect the structure and improve the use and enjoyment of the surrounding landscape.

Reports from Natural Hazard Disclosure (NHD) companies may not contain all information from all sources regarding the Property and surrounding conditions and cannot be relied on for all information regarding natural hazards which may

affect the Property. Brokers recommend that Buyers have any Property they are purchasing inspected by a qualified geologist, geologic or geotechnical engineer, or other qualified professional.

24. **WET WEATHER CONDITIONS:** At times, this area may have months with heavier than usual rainfall. During these times, hillside properties may be susceptible to earth movement and drainage problems. Properties on flatlands may be susceptible to flooding. Properties which may not have experienced water intrusion into or under the property in the past may experience these conditions as a result of weather-related phenomena. Sellers are obligated to disclose to Buyers those material defects or conditions known to them which affect the value or desirability of the property; however, not all Sellers may be aware of recent changes in the conditions of the property or its improvements caused by unusually wet weather. Because of these factors, it is recommended that, in addition to a home inspection, Buyers have such additional inspections by inspectors or engineers regarding these conditions as Buyers may desire.
25. **CLIMATE CONDITIONS:** Contra Costa County has several micro climates. Buyers are advised that some of these areas are subject to frequent strong winds, wind-driven rain, fog and mist, and direct sunlight, any of which, alone or in combination, can impact the condition of the land as well as prematurely age the interior and exterior of structures. Erosion, warping and cracking of surfaces, failed seals on dual-paned windows, loss of siding or roof shingles, water intrusion, and other problems, are not uncommon and require regular maintenance. In particular, properties located near sources of water, such as the Bay, rivers and streams may require additional, more thorough maintenance. Buyers are advised to fully investigate these conditions and to determine for themselves the cost of any increased maintenance and repairs that may be needed for any Property located in these areas.
26. **PERMIT ISSUES:** An improvement that is made without the required permit can, among other things, have a negative impact on value, require a retrofit, impact habitability, preclude insurance coverage and/or result in fees, penalties, government and/or civil enforcement actions. In some cities, there may be a lower standard applied in those circumstances where the property owner is obtaining the permits, as opposed to a contractor doing so. Obtaining and finalizing permits may trigger additional retrofit requirements that are not required as a condition of sale. Examples include but are not limited to water conserving plumbing fixtures and safety devices to prevent drowning of small children in pools and spas. See Paragraphs 31 and 32.
27. **NONCONFORMING USES, ROOMS, ALTERATIONS OR ADDITIONS:** Any rooms, alterations or additions to the Property which were done without necessary permits or certificates of completion ("nonconforming improvements") may be subject to fines, permit and construction costs, and other expenses to bring into conformity. Nonconforming improvements may be subject to removal by local building inspection and code enforcement agencies. Nonconforming rental units may be required to be vacated and possibly torn down. It may not be feasible to legalize nonconforming improvements because of zoning, permit and/or other legal or regulatory limitations. Some building inspection and code enforcement agencies may conduct random inspections of properties for permit, code and other violations while the Property is being marketed. Such nonconforming improvements may also be discovered when anyone applies for a permit to do work on the property either before or after escrow closes. Whenever nonconforming uses are discovered, the then-current owner could face expensive repairs, permit fees and other costs and/or even removal of the nonconforming improvement.

While Sellers are obligated to disclose any known nonconforming improvements, Seller may not be aware of some or all illegal improvements or uses especially those that were made prior to Seller's ownership of the Property. Real estate brokers and agents are not required by law to inspect public records and cannot determine the legal status of improvements based solely on their required visual inspection of the property. Thus, Buyers are strongly urged to investigate possible nonconforming improvements by personally contacting the local building inspection and code enforcement agencies as well as obtaining the advice of contractors, architects, engineers or other professionals regarding the status and condition of the Property prior to removing inspection contingencies.

28. **BALCONIES/DECKS INSPECTION & RETROFIT REQUIREMENTS:** Effective January 1, 2019, state law requires an owner of multi-family buildings with 3 or more dwelling units to conduct an inspection of and make any necessary repairs to exterior decks, balconies and other components that are elevated more than 6 feet above the ground. The inspection must be completed by January 1, 2025 and will require subsequent inspection by January 1st of every six years thereafter. The purpose of the inspection is to determine whether the decks, balconies, and exterior elevated elements and their associated water proofing elements are in a generally safe condition, adequate working order, and

free from any hazardous condition caused by fungus, deterioration, decay or improper alteration. State law requires that the inspection be performed by certain qualified professionals. The law sets forth timelines for the completion of the report, delivery to the owner, and completion of any repairs or replacement. Fines, penalties and/or liens on the property can be imposed for non-compliance with this law. State law allows cities and counties to enact their own regulations which may be stricter than the state requirements, including but not limited to extending the inspection and repair requirements to other exterior components, such as landings, exit corridors, stairway systems and other elements to determine if these structures are in safe condition, in adequate working order and free from hazards, dry rot, fungus, deterioration, decay, improper construction or hazardous conditions. Buyers are strongly urged to investigate possible inspection and retrofit requirements by personally contacting the local building inspection and code enforcement agencies as well as additional licensed professionals regarding the status and condition of any building components at the Property prior to removing any inspection contingency.

29. **UNDERGROUND UTILITIES:** Some towns and cities have begun the process of burying utility lines underground in order to remove the utility poles in the neighborhood. These projects can result in special tax assessments and set-up costs for the individual homeowners. It is recommended that Buyers investigate this issue with Pacific Gas and Electric Company ("PG&E").
30. **CRIME:** The existence of crime is a fact of urban and suburban life. Some areas experience more crime than others. Crime statistics for various areas and municipalities may rise and fall over time and the incidence of various types of criminal activity may also increase or decrease. At times, local law enforcement agencies may target designated areas for special but temporary enforcement measures. Individual criminal acts may occur in any neighborhood or may occur close to a property that is being sold while other criminal acts may occur far away. Some crimes may be reported in the local news while others are ignored by the media. Because of the ever-changing nature of the statistics and information regarding crimes, neither Seller nor brokers will independently investigate crime or criminal activity in the area of any property being purchased by any means including, but not limited to, contacting the police or reviewing any internet data bases. If criminal activity is a factor in the decision to purchase a particular property, or in a particular neighborhood, Buyers are urged to check with the local law enforcement agencies and online information, prior to removing their inspection contingency.
31. **WATER-CONSERVING PLUMBING FIXTURES:** Existing law calls for installation of water-conserving plumbing fixtures when the existing plumbing fixtures are "noncompliant" by certain dates, as discussed here. A **noncompliant plumbing fixture** means: (1) any toilet manufactured to use more than 1.6 gallons of water per flush; (2) any urinal manufactured to use more than one gallon of water per flush; (3) any showerhead manufactured to have a flow capacity of more than 2.5 gallons of water per minute; and (4) any interior faucet that emits more than 2.2 gallons of water per minute. There are various dates for compliance:

SINGLE-FAMILY RESIDENCES: Effective January 1, 2017, all single-family residences built prior to January 1, 1994 must comply with this law by replacing all noncompliant plumbing fixtures whether or not the property is being remodeled or sold.

Sellers need to disclose to Buyers, in either the Seller Property Questionnaire (SPQ) or the Exempt Seller Disclosure (ESD) form, if Sellers are aware of whether the Property has any noncompliant plumbing fixtures. If Sellers answer "No" to that question, Buyers should not assume that the Property is fully compliant since a "No" response may merely mean that Sellers are unaware or are uncertain as to whether any such fixtures are noncompliant. For this reason, as a part of their property inspection of Properties subject to this law, Buyers are urged to have all plumbing fixtures inspected by a qualified professional to determine whether all plumbing fixtures are actually compliant with this law. Sellers and Buyers are advised to determine, prior to contract acceptance, which Party will be responsible for the cost of the water-conserving plumbing fixtures retrofit.

MULTI-FAMILY AND COMMERCIAL PROPERTIES: **Until December 31, 2018:** As a condition of final permit approval, owners must replace all plumbing fixtures with water-conserving fixtures if (1) permits are obtained to increase the floor area by more than 10%; (2) building alterations or improvements exceed \$150,000 in costs; or (3) permits are obtained for a room with plumbing fixtures. **After January 1, 2019:** All multi-family and commercial properties must comply with this law by replacing all noncompliant plumbing fixtures. Also, starting on that date, Sellers will need to disclose to the prospective Buyer if Seller is aware whether the property has any noncompliant plumbing fixtures.

ITEM G-3 ATTACHMENT 1

12/2018

Contra Costa County Disclosures and Disclaimers Advisory

- 32. POOL AND SPA SAFETY:** All home inspection reports used in the sale of a single-family residence, must indicate whether or not a Property with a pool and/or spa has any of the 7 drowning prevention safety features described in Health & Safety Code Section 115925. No one can agree to waive this requirement if there is a home inspection report. Real estate professionals are not obligated to and are not qualified to determine if the Property meets current safety requirements.

Although it is important to have appropriate safety measures in place to prevent drowning of small children, this is not a retrofit requirement that must be completed as a condition of sale. However, when a single-family residence is altered or improved, the installation of 2 pool/spa safety features must be a condition of final permit approval. Sellers and Buyers are advised to determine, prior to contract acceptance, which Party will be responsible for the cost of adding any required pool/spa safety features.

- 33. REAL PROPERTY TAXES, ASSESSMENT DISTRICTS AND VACANT LAND:** The Purchase Agreement addresses payment of real property taxes and assessments relating to the Property. As part of their negotiations for the Purchase Agreement, the parties may decide how to prorate such taxes and assessments; payments on bonds and assessments and their assumption by Buyers; and payment on Mello-Roos and other Special Assessment District bonds and assessments that are now a lien on the Property.

Some cities have imposed or are contemplating imposing an annual tax on vacant property. Vacant land and developments are subject to imposition of different fees in different jurisdictions, usually based upon the length of time the land is left vacant. Unpaid fees can become a lien on the property. Buyers should determine the extent of any unpaid fees and other restrictions by contacting the relevant city. Real estate brokers and agents are not qualified to make these determinations.

- 34. RENTAL PROPERTY ISSUES:** Buyers who intend to use the Property for any type of rental purposes should contact the relevant City or County to ascertain all governmental requirements that may impact the ability to use the Property for rental purposes, including but not limited to any rent control or eviction requirements, prior to removing any inspection contingencies. See, for example, Paragraph 54. Several homeowner associations ("HOA") already have or are considering imposing restrictions on new owners who intend to rent out their Property which may differ from rules for existing owners in an effort to limit the percentage of non-owner-occupied units which can impact the ability to obtain financing. Although state law allows for the construction of secondary housing units, the ability to construct those units and/or to rent those units is also subject to local jurisdiction regulations and approvals. If Buyers intend to construct or use secondary units for rental purposes, they should investigate the feasibility of those improvements and uses with appropriate experts during Buyers' inspection contingency period, if any.

When rental properties are offered to the public, the owner and real estate agent must act in compliance with all Fair Housing laws and regulations including, but not limited to, providing unrestricted access to potential tenants with service/companion animals. Landlords are required under Fair Housing laws to provide a "reasonable accommodation" for tenants with disabilities; in the case of tenants with disabilities, this includes allowing the tenant to occupy the rented residence with the service/companion animal. The landlord may not charge a "pet deposit" or otherwise charge the tenant for the service/companion animal in any manner different from a tenant without such an animal. Any property owner renting their property should consult with a California real estate attorney specializing in landlord/tenant and Fair Housing issues for advice on any matters related to Fair Housing and service/companion animals.

HUD has issued guidelines for housing providers, landlords and property managers in the use of criminal records in tenant selection, and when that use may be a Fair Housing violation. While it is still legal to take into consideration a criminal record of a prospective tenant in approving an application, the blanket use of criminal records to refuse to rent can be a Fair Housing violation. And the discrimination does not have to be intentional. The violation can occur if the effect of the use of criminal records results in a "disparate impact" on protected classes. Landlords are urged to consult with a qualified California landlord tenant attorney regarding the use of criminal records in tenant selection.

The full HUD article can be accessed at:

https://portal.hud.gov/hudportal/documents/huddoc?id=HUD_OGCGuidAppFHASandCR.pdf

- 35. SHORT-TERM & VACATION RENTAL:** With the increased popularity of short-term and vacation rental services and websites such as Airbnb and VBRO, various local governmental entities and homeowner associations ("HOA") have enacted, or are considering enacting, regulations on the ability of owners to rent out some portion or all of their property on either a short-term or long-term basis. Existing and proposed regulations may include a complete prohibition against certain types of rentals, licensing, permit requirements, special health and safety

inspections, taxation and/or restrictions such as a limitation on the number of nights per month, total number of renter occupants, parking requirements and noise restriction. Renting out one's property may also be impacted by subdivision and HOA Covenants, Conditions, and Restrictions ("CC&R's"). In some areas the HOA and/or governmental entities are classifying short-term and vacation rentals as constituting the running of a business out of a residence which is often prohibited in CC&R's and/or requires approval of a home occupation permit from the local governmental entity.

Neither Sellers nor Brokers can predict if, or when, any jurisdiction or HOA will adopt regulations, limitations or prohibitions on rentals in the future. Buyers who are considering using their property for short-term or vacation rentals are strongly encouraged to investigate current and pending governmental and/or HOA rules and regulations related to rentals, insurance coverage, and the existence of taxation such as a Transient Occupancy Tax ("TOT") and to review that documentation with a qualified California real estate attorney as well as their own insurance broker prior to the close of escrow.

36. **PUBLIC SERVICES:** Public services (schools, fire, law enforcement, emergency response, etc.) may have been impacted by financial difficulties which can lead to changes in the level of service. In addition, each school district has its own rules regarding school assignments, and these rules may change at any time with little notice. For these reasons, Brokers cannot represent or guarantee that anyone who resides in any particular property will be able to attend any particular school or school district. If Buyers have any concerns regarding the quality and/or financial viability of public services, Buyers should investigate to their satisfaction prior to removing any applicable contingencies.
37. **NEW CONSTRUCTION WARRANTIES, DEFECTS AND LAWSUITS:** The Real Estate Transfer Disclosure Statement ("TDS") requires Sellers to disclose if there are any lawsuits by or against the Sellers threatening or affecting the real property along with questions related to construction defects, citing Civil Code Sections 900, 903, 910 and 914. These codes are part of a law that is often referred to as SB800 or Title 7, which generally applies to residential real property built by a "Builder" (as defined in Section 911) and sold for the first time after January 1, 2003. Section 900 provides for a limited one-year warranty from the Builder and Builders may provide "enhanced protection agreements" which may extend the warranty period. Homeowners are required to follow all reasonable maintenance obligations and schedules communicated in writing by the Builder and product manufacturers, as well as commonly accepted maintenance practices. Failure to do so may provide a defense against a homeowner claim and Builders often require specific pre-litigation procedures and remedies in the event of a claim against the Builder. Sellers who have questions about how to answer this TDS question should consult with a California real estate attorney for advice. If the Sellers disclose any lawsuits or claims, Buyers should investigate such disclosures with a California real estate attorney. Brokers are not qualified to provide advice on these matters.
38. **PRIVATE ROADS:** If the property is accessed, or affected, by a private road that is shared with one or more other properties, Buyers need to determine the existence of a recorded private road maintenance agreement and compliance with that document. If no such agreement exists, Civil Code Section 845(s) provides that "the cost shall be shared proportionately to the use made of the easement by each owner." Buyers should contact city/county officials and/or their attorney to evaluate their potential responsibilities.
39. **MARIJUANA (CANNABIS):** Effective January 1, 2018, California has legalized certain uses of cannabis; however, this statewide law requires local cities and counties to enact their own regulations regarding where cannabis can be used as well as the requirements for the issuance of permits and licenses prior to anyone cultivating, distributing and/or selling cannabis. Those regulations may include but are not limited to an inspection of the property and/or a determination as to the availability of water and other resources to grow cannabis. Federal laws still exist which may make those activities illegal and the federal government's ability to enforce its stricter restrictions in states such as California is still possible.

State law allow landlords to prohibit/regulate smoking of marijuana in or on the Landlord's property as well as to allow landlords to prohibit the cultivation, distribution and sale of marijuana for any purpose. Some HOAs may impose their own restrictions on these activities as well.

D. COUNTY AND CITY ADVISORIES

40. **GAS SHUT-OFF VALVE REQUIREMENTS:** On February 9, 2010, the Contra Costa County Board of Supervisors revised an existing Ordinance regulating installation of approved gas shut-off devices in new buildings and in

existing residential, commercial and industrial buildings prior to the sale of those buildings or when undertaking certain alterations or additions to those buildings located anywhere in the unincorporated areas of Contra Costa County if the building has a natural gas piping system. The City of Hercules has also enacted a similar requirement. This law also applies to the sale of individual condominium units. The Ordinance seeks to make buildings safer in case of a breakage or disconnection of a gas line caused by earthquakes, landslides or common household accidents. Some insurance companies provide discounts on their homeowner's insurance policy if such devices are in place.

This Ordinance does not contain any exceptions or exemptions for the type of sale (such as probate); Buyers and Sellers cannot agree to waive compliance with this Ordinance. The County is now requiring that on all improved real property that closes escrow after December 1, 2006 and that have fuel gas piping supplying a structure with gas, an approved seismic gas shut-off device (motion sensitive) or an approved excess flow gas shut-off device (non-motion sensitive) must be installed prior to the close of escrow:

1. For the sale of existing residential, commercial or industrial buildings, the approved gas shut-off device must be installed downstream of the gas utility meter at the beginning of each rigid gas piping system that serves the structure.
2. For the sale of existing condominium units, the approved gas shut-off device must be installed downstream of the meter on the gas piping serving the actual condominium unit that is being sold. If any existing residential building is altered or added to that has fuel gas piping supplying the existing building or the addition and the building permit is issued after March 11, 2010, the approved gas shut-off device must be installed if the alteration or addition is either more than \$5,000 where fuel gas piping is involved in the alteration or addition, or more than \$15,000 where fuel gas piping is not involved in the alteration or addition.

For a list of the approved gas shut-off valves, please visit the home page for the California Division of the State Architect website at <http://www.dgs.ca.gov/dsa/home.aspx> and search the site for gas shutoff devices.

NOTE: Real estate licensees cannot determine whether any Property is in compliance with this Ordinance and Agents have no liability for insuring that there is compliance with this Ordinance either before, during or after escrow closes. Seller and Buyers should retain appropriate experts to investigate the existing gas lines to determine whether the required shut-off devices are in place. Buyers and Seller should reach a written agreement as to who is to pay for the inspection and/or the installation of any required devices since the Ordinance does not specify which Principal must be financially responsible.

- 41. SEWER LINE INSPECTION AND COMPLIANCE:** Several cities in Contra Costa County have a Sewer Lateral Ordinance, but each city and/or Wastewater Municipality have their own requirements AND THOSE REQUIREMENTS ARE SUBJECT TO CHANGE AT ANY TIME. Sellers and Buyers should check with the local wastewater municipality to determine if the Property falls within a jurisdiction that enforces a Sewer Lateral Ordinance and can obtain additional information at the websites listed in this Paragraph.

NOTE: Real estate licensees cannot determine whether any Property is in compliance with any applicable local sewer line requirements; Agents have no liability for insuring that there is compliance with local requirements either before, during or after escrow closes.

Wastewater Municipalities in West Contra Costa:

- Crockett Community Service District <http://www.town.crockett.ca.us> or (510) 787-2992
- Stege Sanitary District <http://www.stegesd.dst.ca.us/> or (510) 524-4668
- East Bay MUD <http://www.ebmud.com> or (866) 403-2683
- West County Wastewater District <http://www.wc wd.org> or (510) 222-6700
- Rodeo Sanitary District <http://www.rodeosan.org> or (510) 799-2970
- City of Richmond Municipal Sewer District <http://www.ci.richmond.ca.us/> or (510) 620-6513
- City of Hercules <http://www.ci.hercules.ca.us> or (510) 799-8200

- 42. WEATHERIZING DISCLOSURE REQUIREMENTS:** As of the date of this Advisory, the Cities of Concord, Pleasant Hill and Walnut Creek have enacted ordinances imposing disclosure obligations on Sellers of residential property to complete and sign a city-specific Weatherization Disclosure Form which is to be provided to the Buyers. After the Buyers certify receipt of the Seller's Disclosure, the fully completed and signed form must be submitted to the respective City. Unlike certain California statutory disclosure requirements, these separate Seller disclosure requirements have no Seller exemptions; however, some jurisdictions do not enforce their own

ordinances and have made compliance "voluntary". Additional Cities in Contra Costa County may require comparable weatherization disclosures in the future. Buyers should investigate the existence of such ordinances and whether those ordinances are being enforced by contacting the city where the Property is located.

43. **NO-SMOKING AND SECOND-HAND SMOKE ORDINANCES:** As of the date of this Advisory, the Cities of Danville, San Pablo, Richmond and Walnut Creek have enacted ordinances that prohibit smoking in certain parts of those cities, and in some cases e-cigarettes, in multi-unit residential units, including balconies, common areas and within certain distances of all enclosed areas. These ordinances are usually designed to limit ingestion of second-hand smoke by other residents. Other cities may enact such ordinances as well. For information on whether these ordinances exist and/or are being enforced contact the City or County website where the Property is located.
44. **ORINDA-MORAGA FIRE HYDRANT CAPACITY:** The Moraga-Orinda Fire District has a community fire flow standard, which is to be obtained from any three adjacent or reasonable nearby hydrants flowing simultaneously. Several neighborhoods within the City of Orinda do not meet this current fire flow requirement. The City of Orinda, Moraga-Orinda Fire District, East Bay Municipal Utility District and the Orinda Fire Safety Committee are currently working together to address the fire flow concern and correct the situation through a multi-task program. For more information on the Very High Fire Hazard Severity Zones (VHFHSZ) and the fire flows available within a neighborhood, you may contact the Moraga-Orinda Fire District Fire Marshall at (925) 258-4599 or view the VHFHSZ map located at the Fire Prevention Bureau located at 1280 Moraga Way in Moraga.
45. **ORINDA ENVIRONMENTAL BROCHURE:** The City of Orinda has produced a one-page brochure entitled *Your Environmental Responsibilities as a Homeowner in Orinda*. For a copy of this brochure Sellers and Buyers are advised to contact the City of Orinda either personally at 22 Orinda Way, Orinda, California 94563. (925) 253-4200 or online at: www.ci.orinda.ca.us.
46. **PINOLE:** The City of Pinole Municipal Code requires inspection of and compliance with sewer lateral regulations as part of the sale of residential property. As of July 21, 2017, the City of Pinole also requires that all balconies must be inspected by licensed professionals and Buyers must receive the inspection report. The cost of compliance of these requirements is negotiable by and between Seller and Buyer. The Parties are encouraged to use the Contra Costa County Purchase Agreement Addendum that is intended for use in the City of Pinole to reach mutual agreements regarding the issues discussed in Paragraph 53.
47. **DISCOVERY BAY:**

Water: The Town of Discovery Bay Community Services District ("CSD") provides drinking water, maintains the waste water and sewer systems. Discovery Bay water comes from a system comprised of service wells and contains a high mineral content which in some locations may have an undesirable odor and may stain clothing or corrode appliances. The fee for usage of these systems will appear on your Contra Costa Tax Bill.

CSD is in the process of installing water meters at various residential properties that do not currently have water meters. Recipients of the new meters may pay the full cost of the meter installation up front or they can pay for the meter in installments over a ten-year period but there will be an interest charge. The exact cost of the water meter installation varies and the exact cost will not be known until after the meters have been installed; the project is estimated to be completed by mid-2018. The estimated installation costs range from \$500 to \$1500 depending upon the type of equipment and complexity of construction work. If the Seller has not already fully paid all costs for water meter installation, Buyer and Seller should contractually agree who will be responsible for this expense by using the Discovery Bay Purchase Contract Addendum. For further information, contact the Town at (925) 634-1131 or go to their website at www.todb.ca.gov.

Waterways: Discovery Bay is within the jurisdiction of Reclamation District 800. This agency maintains the waterways and provides for the slopes on the channels and bays of Discovery Bay. Dock construction, decks on or near the slope areas, and maintenance of the slope areas are subject to the rules of this District. Slope control and maintenance is generally the responsibility of the property owner. Some homeowners have received letters from the District with regard to removal of trees that may be located in restricted areas of a main levee. District 800 fees appear on the Contra Costa County tax bill for all properties within the district. Buyers are advised to contact the District for more information at (925) 634-2351.

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Contra Costa County Disclosures and Disclaimers Advisory

Filled Lots: All lots in the development contain some filled ground. There have been some incidents of slope failure, particularly on the eastern side of Discovery Bay on Drakes Drive. A number of homeowners in that area filed a lawsuit in December, 1989 against the Hoffmann Company, Kleinfelder Engineers and Reclamation District 800. The lawsuit was settled in February 1994. The information concerning filled ground, geologic and soil condition is available at Contra Costa County Building Dept., 651 Pine Street, Martinez, California 94533.

48. **LOCAL RENTAL ISSUES:** The City of Richmond enacted an Ordinance covering Rent and Eviction Control which has been the subject of litigation. Other cities have or may create comparable requirements and/or require the issuance of permits or mandate inspections prior to renting out any type of property. Buyers should investigate the existence of applicable laws regulating their ability to rent property and to satisfy themselves as to whether that type of ordinance will impact their intended use of the Property. Determining the existence of and/or the applicability of any laws regulating the ability of a Property Owner to rent some or all of the property, the amount of rent, the eviction of tenants, and/or mandatory city rental health and safety inspections, is beyond the expertise of the real estate professionals.
49. **ROSSMOOR:** Rossmoor is a planned unit development with housing and recreational amenities designed for people who are over 55 years of age. It consists of single-family homes, condominiums and cooperative units and sales in Rossmoor include membership in a Mutual/Home Owners Association and a membership in Golden Rain foundation. There are 18 separate Home Owners Associations (referred to as a "Mutual") and the applicable Mutual depends upon the type of unit and where the unit is located within the development (for general information on Common Interest Developments see Paragraph 12). Rossmoor has a Member Records Department that must be notified of the closing date and that Department must be notified no later than five (5) days prior to any new closing date.

Some of the Rossmoor properties have electric furnaces that may no longer have parts available for repair or replacement. Future repairs or replacement may be difficult and/or expensive; warranty companies may not cover the cost of a new system. Some of the buildings do not have fire breaks in the attic. Some asbestos containing materials ("ACM") exist in some building components in Rossmoor. ACM is generally found in buildings constructed prior to 1980 and is known to be found in some ceilings' acoustical insulation and exhaust flue joint insulations.

Most of the units in Rossmoor are required to pass a building and/or alteration compliance inspection prior to any change in ownership but that inspection should not be viewed as a substitute for conducting any inspections that are routinely obtained by Buyers including but not limited to a general house inspection. If the presale inspection notes any required corrective work it may be the responsibility of the Seller or the Mutual. The Mutual reserves the right to remedy non-emergency repairs items after escrow closes.

Replacements, alterations or remodeling of a unit may require a permit from the Golden Rain Foundation and the City of Walnut Creek. To obtain such permits, certain existing deck enclosures (which were approved at the time they were built) may need to be brought up to current code before any new permits are issued.

On April 14, 2010, a Rossmoor News article was published regarding a registered sex offender who lives in Rossmoor. Buyer is advised to investigate this issue further through the Megan's Law Database:
<http://www.meganslaw.ca.gov/>

Brokers do not have the requisite expertise to investigate any or all of the issues in this Rossmoor Advisory and they will not verify the information provided by others.

50. **SAN PABLO:** The City of San Pablo requires a pre-sale city inspection and a certificate of compliance issued prior to the sale or lease of any non-owner-occupied unit more than three years from the original construction date, or any owner-occupied unit more than ten years from the original construction date. For more information, sellers and buyers should contact the City of San Pablo at 13831 San Pablo Avenue, San Pablo, CA 94806 • (510) 215-3030 • <http://www.SanPabloCA.gov>
51. **COUNTY AND CITY CONTRACT ADDENDA:** The Contra Costa County Association of REALTORS® has developed Purchase Contract Addenda which are intended for use in the following specific Cities and in the Unincorporated

Areas of Contra Costa County to address certain local retrofit/point of sale issues discussed in this Advisory. The Available Purchase Contract Addenda are for the following jurisdictions:

City of El Cerrito
City of Hercules
City of Pinole

City of Richmond
City of San Pablo
Unincorporated Contra Costa County

E. ATTORNEY AND ACCOUNTANT RECOMMENDATIONS:

In addition to the professional service providers Buyers will retain to inspect and analyze the property being purchased or sold, Buyers and Sellers may face situations which could result in significant legal consequences and substantial impact on their personal finances. The most prudent plan is to identify a certified public accountant and qualified California real estate attorney in advance so that Buyers and Sellers can quickly contact and seek the proper financial and/or legal advice and guidance if needed during the transaction. If a 1031 exchange is contemplated, an exchange accommodator should be consulted regarding the proper method and timing of an exchange.

F. THE PARTIES ACKNOWLEDGE THE FOLLOWING REGARDING BROKER:

- Broker does not warrant or guarantee the condition of the Property.
- Broker shall not be responsible for failure to disclose to Buyer facts regarding the condition of the property where the condition (i) is unknown to Broker or (ii) 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;
- Broker has not verified; square footage, size of structures, acreage or boundary lines of the property; representations made by others; information received from public records, Seller or other third parties; information contained in inspection reports or in the Multiple Listing Service, or that has been copied therefrom; or statements in advertisements, flyers or other promotional material; or any other matters described in this Disclosures and Disclaimers Advisory; unless otherwise agreed in writing;
- Broker does not guarantee, and shall not be responsible for, the labor or services or products provided by others to or on behalf of Buyers 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;
- Broker does not decide what price Buyers should pay or Seller should accept;
- Broker is not qualified to give legal, tax, insurance or title advice;
- Brokers lack professional expertise in the topics listed in this Advisory, and do not verify the results of any inspections or guarantee the performance or reports of any inspection or professional services.
- **Buyers and Sellers are advised to investigate and choose their own service providers to conduct investigations and advise them on all matters related to the sale and purchase of real property. Nothing any real estate licensee may say will change the terms or effect of this Advisory.**

G. WIRE FRAUD ADVISORY

There has been a small but growing scheme in which Buyers and Sellers have received e-mails from their agent or an escrow company providing wire transfer information for money from Buyer to Escrow, or to Seller for proceeds from Escrow. Hackers intercept these e-mails and then alter the wire transfer instructions to re-direct the funds to the hacker's account with an off-shore bank. **DO NOT EVER WIRE FUNDS PRIOR TO CALLING THE ESCROW OFFICER AT THE NUMBER PREVIOUSLY PROVIDED TO YOU and confirming verbal wire transfer instructions before taking steps to have the funds transferred.** If you have received questionable wiring instructions, notify your bank, real estate agent and the Escrow Holder, as well as the FBI at: <https://www.fbi.gov/> and the Internet Crime Complaint Center at: <http://www.ic3.gov/>

**THE UNDERSIGNED ACKNOWLEDGE RECEIPT OF ALL 17 PAGES OF THIS
CONTRA COSTA COUNTY DISCLOSURES AND DISCLAIMERS ADVISORY
WHICH CAN BE SIGNED IN COUNTERPART**

Dated: _____ Buyer _____

Dated: _____ Buyer _____

Dated: _____ Seller _____

Dated: _____ Seller _____

**ITEM G-3
ATTACHMENT 2**

Contra Costa County Agreement Addendum – City of Richmond

Revised 12/2018

CONTRA COSTA COUNTY PURCHASE AGREEMENT ADDENDUM

A Service of the Contra Costa Association of REALTORS®. This form is intended for use with the California Association of REALTORS® forms RPA "Residential Purchase Agreement" and/or RIPA "Residential Income Purchase Agreement".

This Addendum is intended for use in the City of Richmond. Please also review the separate Contra Costa County or city specific Ordinances and Regulations for property in the area you are either selling or buying. Disclosure documents and forms may contain references, including web site addresses and internet links (hyper-links), to additional important material that is not printed on the document itself. Buyers and Sellers should investigate those links if they are not entirely satisfied with the document as it is presented to them.

The information in this Addendum has been compiled by the Contra Costa Association of REALTORS® as a service to its members and is effective as of December 2018. This Addendum is not intended to be nor should it be considered to be an accurate reflection of all of the legal requirements that may be imposed by the governmental and quasi-governmental entities referenced in this Addendum either as of the date the document was created or at any time thereafter. Real Estate Brokers and their Sales Associates do not have the requisite training or skills to determine the legal sufficiency of this Addendum or the legal requirements that may be imposed upon the Property. If Seller or Buyer has any questions or concerns regarding their legal rights and obligations then they should consult with their own qualified California real estate attorney.

This is an Addendum to that Purchase Agreement dated _____ by and between _____ (Seller) and _____ (Buyer) for that Property commonly known as 12345 Sample Ct, Richmond, CA. (the Property) which is within the _____ Sanitary District.

Buyers & Sellers should verify the Sanitary District in which the property is located. Except as specified herein, all other terms and conditions remain unchanged.

FOR THE PURPOSE OF THIS ADDENDUM, "COST OF COMPLIANCE" SHALL INCLUDE, BUT IS NOT LIMITED TO, ANY AND ALL REQUIRED INSPECTIONS, REPORTS, REVIEWS, FEES, PERMITS AND REPAIRS.

CITY OF RICHMOND SANITARY DISTRICT (includes Point Richmond)

SANITARY SEWER LATERAL COMPLIANCE:

An inspection report:

- has been provided to Buyer
- has not been provided to Buyer

A. In Compliance: If checked, Seller warrants that a Sewer Lateral Inspection has been performed and that the Sanitary Sewer Lateral is in Compliance with the City of Richmond's guidelines. Seller shall provide Buyer with proof of compliance prior to final verification of condition.

B. **Not in Compliance – Responsibility for Repairs:** Repairs shall be made and paid by:

Seller – to be responsible for obtaining a Certificate of Lateral Compliance from the City of Richmond no later than sixty (60) days after close of escrow. Based upon the estimate provided by the plumbing contractor, the sum to cover repairs will be left in escrow until any necessary repairs or replacement of the private sewer lateral are completed to obtain the Certificate. If no repairs or replacement actions are required, the money held in escrow shall be returned to the Seller.

Buyer - agrees to assume full responsibility for the City's requirement to obtain a Certificate of Lateral Compliance, or a notarized letter, or a statement in the escrow addendum stating that the requirement will be met sixty (60) days after close of escrow. Buyer acknowledges receipt of written estimate and is aware of the estimated cost for replacement or repair.

RICHMOND ANNEX – STEGE SANITATION DISTRICT

PRIVATE SEWER LATERAL COMPLIANCE: The East Bay Municipal Utility District (“EBMUD”) and Stege Sanitary District require property owners to obtain a compliance certificate that shows their private sewer laterals (“PSL’s”) are without defects and have proper connections. The ordinance requires property owners to test and, if needed, repair or replace their private sewer laterals when selling their Property, as one or both Districts may apply it is recommended to contact Districts for more information. *(For further details, see the Contra Costa County Disclosure and Disclaimers Advisory)*

An inspection report:

- has been provided to Buyer
- has not been provided to Buyer

A. **Property Exempt:** Seller states that the property is EXEMPT because PSL on the affected Property meets requirements set forth by EBMUD and Seller has/shall provide(d) evidence to Buyer, prior to final verification of condition.

B. **Property Not Exempt:** the following party shall be responsible for compliance (Check One)

1. **In Compliance:** Seller shall provide Buyer with a Certificate of Compliance, prior to final verification of condition.

2. **Compliance Prior to Close of Escrow:** Seller shall complete all required inspections and required repairs, and provide Buyer with a Certificate of Compliance, prior to final verification of condition.

3. **Compliance After Close of Escrow:** If compliance is to take place after Close of Escrow, then check either Seller or Buyer in each of the four paragraphs below that apply:

a. Seller Buyer *(check one)* agrees to be responsible for obtaining the Certificate of Compliance within the time frame specifically set by the District, prior to Close of Escrow and agrees, if needed, to promptly upon Acceptance of the Purchase Agreement to apply for a Time Extension Certificate, which they shall deliver to Escrow prior to final verification of condition.

b. Seller Buyer *(check one)* shall be responsible to pay the required EBMUD fee for this extension.

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c. Seller Buyer (check one) shall be responsible to post the deposit into escrow as is required by EBMUD for any Time Extension for compliance prior to the final verification of condition. *Note: If the Certificate of Completion is not obtained within the time frame specifically set by the District after the close of escrow, this deposit may be subject to forfeit and the property owner may be subject to enforcement action by EBMUD.*

d. Seller Buyer (check one) to receive refund of the deposit once Certificate of Compliance is obtained.

C. **PROPERTY DEFERRED:** Condominiums are also required to comply with the private sewer lateral program. However, Homeowners' Associations ("HOA") for multi-unit structures served by a single lateral or shared laterals have until July 2021 to comply. EBMUD recommends that you contact your HOA for additional information.

For more information go to <http://www.eastbaypsl.com/eastbaypsl/extension.html>

WEST COUNTY WASTEWATER DISTRICT (includes El Sobrante area of Richmond) - SANITARY SEWER LATERAL COMPLIANCE:

SANITARY SEWER LATERAL COMPLIANCE:

All Properties serviced by the West County Wastewater District ("WCWD") must have a video inspection of the sewer lateral prior to the Close of Escrow unless there is a Certificate of Compliance on file with the WCWD.

A Video of the Sewer Lateral has been completed and the inspection report:

- has been provided to Buyer
- has not been provided to Buyer

- A. **In Compliance:** If checked, Seller warrants that a Sewer Lateral Inspection has been performed and that the Sanitary Sewer Lateral is in Compliance West County Wastewater District guidelines. Seller shall provide Buyer with proof of compliance prior to final verification of condition.
- B. **Not in Compliance** If checked, the subject Property is not yet in compliance with the Sewer Lateral Inspection requirements but that inspection must be completed prior to the Close of Escrow. Cost of the Inspection shall be paid by Seller.
- C. Any required repairs/replacement of the sewer lateral shall be paid as agreed in the Purchase Agreement. In the event that the Parties cannot complete required repairs/replacement of the sewer lateral prior to the Close of Escrow then Buyer Seller shall be responsible for securing a 90-day extension to complete that work. The WCWD will require at least 1 written proposal for the work to be completed and sufficient funds must be placed in escrow to pay for the work before the extension can be obtained.

MARINA BAY REDEVELOPMENT FEE:

The Property is or is not subject to the Richmond Redevelopment Agency Fee (the "Fee") Upon Transfer of Home Ownership of one and one-half percent (1½ %) of the gross sale price of the Property, at Close of Escrow for the sale of the Property.

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The fee shall be paid by:

- Seller
 Buyer
 Shared by Seller _____% and Seller _____%

WATER CONSERVING PLUMBING FIXTURES:

California Law requires owners of single-family residential property built before 1994 to install water conserving plumbing fixtures by 2017. Additionally, if any such Property is altered or improved, then water conserving plumbing fixtures must be installed as a condition of final permit approval (Cal. Civil Code Section 1101.4). Although California law does not make compliance with this statute a point of sale requirement (condition of sale), this Addendum shall establish which of the undersigned Parties is responsible for compliance with this law.

- A. Seller Responsible: Seller either (a) has complied with retrofitting the Property with compliant water conserving plumbing fixtures; or (b) prior to the close of escrow, shall pay for the retrofit of all non-compliant water conserving plumbing fixtures with compliant fixtures of quality comparable to existing fixtures.
- B. Buyer Responsible: Buyer shall be responsible and pay for all expenses in retrofitting all non-compliant water conserving plumbing fixtures with compliant fixtures after the Close of Escrow, or as specified in the Permit Work paragraph below.

POOL/SPA SAFETY DEVICES

To prevent drowning of children four (4) years of age and under, California law requires owners of single-family residential property with a pool and/or spa to install at least 2 of 7 safety devices. Home inspection reports used in the sale of single family residence must disclose if the Property has any pool and/or spa safety devices. If the Property is altered or improved, then at least two (2) safety devices must be installed as a condition for final permit approval (Cal. Health & Safety Code Section 115925). Although California law does not make compliance with this statute a point of sale requirement (condition of sale), this Addendum shall establish which of the undersigned Parties is responsible for compliance with this law.

- A. Seller Responsible: Seller either (a) has complied with retrofitting the Property with at least two (2) drowning prevention devices; or (b) prior to the Close of Escrow, shall pay for and retrofit the Property with two (2) drowning prevention devices as required by state law.
- B. Buyer Responsible: Buyer shall be responsible and pay for all expense in retrofitting the Property with two (2) drowning prevention devices as required by state law after the Close of Escrow, or as specified in the Permit Work paragraph below.

PERMIT WORK PRIOR TO CLOSE OF ESCROW

The Parties understand, acknowledge and agree that, in the event there is an agreement that the Seller will perform any repairs prior to the Close of Escrow that constitute alterations or improvements at the Property will require the issuance and finalization of a permit, the governing agency will require that the Property be retrofitted with compliant water conserving plumbing fixtures as a condition of finalizing the permit and/or at least two (2) drowning prevention devices; in the event, **the Party designated above shall be responsible for the expense of such retrofitting regardless of who is paying for the work necessitating the permit.**

NOTE: (a) the interpretation as to what constitutes an alteration or improvement may differ in different jurisdictions and (b) real estate licensees cannot predict what interpretation will be used at any point in time by any permit issuing entity.

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Other ordinances: Jurisdictions have ordinances that may affect the use, value or enjoyment of your Property. You are advised to visit the appropriate website or offices of the appropriate jurisdiction to determine whether the Property is in an area regulated by such ordinances.

SOURCES OF INFORMATION:

City of Richmond: <http://www.ci.richmond.ca.us/>, 1401 Marina Way So., Richmond CA 94804 Tel: 510/620-6513
Engineering Dept. 510-307-8091 **Police** <http://www.rpdonline.net/main/home.htm> 510/233-1214

East Bay Municipal Utility District (EBMUD): <http://www.ebmud.com> Tel: 866-403-2683

Stege Sanitary District: <http://www.stegesan.org/>, 7500 Schmidt Lane, El Cerrito CA 94530 Tel: 510/524-4668

West County Waste Water District: <http://www.wcwwd.org>, 2910 Hilltop Dr., Richmond, Ca 94806 Tel: 510/222-6700

THE UNDERSIGNED AGREE TO ALL OF THE TERMS AND CONDITIONS ABOVE AND ACKNOWLEDGE RECEIPT OF ALL FIVE (5) PAGES OF THIS DOCUMENT.

This document may be signed in counterparts.

_____	Dated: _____
Buyer	
_____	Dated: _____
Buyer	
_____	Dated: _____
Seller	
_____	Dated: _____
Seller	



SENT VIA EMAIL

November 20, 2019

Heather Schiffman
Director of Governmental Affairs
Contra Costa Association of Realtors
1870 Olympic Boulevard, Suite 200
Walnut Creek, CA 94596
heather@ccartoday.com

Dear Ms. Schiffman:

On November 30, 2016, City of Richmond voters approved Ballot Measure L, establishing the Richmond Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance (hereafter "Rent Ordinance" in the City of Richmond. Codified in Section 11.100 of the Richmond Municipal Code, the Rent Ordinance places limitations on the amount of rent that may be charged for rent-controlled units, requires that Landlords have one of eight "just causes" to terminate a tenancy, and establishes a five member Richmond Rent Board to govern the Richmond Rent Program agency.

Given the significant scope and impact of the Rent Ordinance on residential real estate in the City of Richmond, the Rent Board finds it prudent that the Disclosures and Disclaimers Advisory as well as the Purchase Agreement Addendum be amended to include specific information about the Rent Ordinance. The incorporation of relevant information in these documents will help to ensure that realtors, prospective buyers, and sellers are adequately informed of their rights and obligations as it pertains to the new law.

The specific amendments requested by the Rent Board are as follows:

1. Item 48 of the Disclosures and Disclaimers Advisory be amended to include the following (amendments are in bold):

The City of Richmond enacted an Ordinance covering Rent and Eviction Control that was the subject of litigation but the lawsuit **was later dismissed without prejudice in May 2017**. Other cities have or may create comparable requirements and/or require the existence of applicable laws regulating their ability to rent property and satisfy themselves as to whether that type of ordinance will impact their intended use of the Property. Determining the existence of and/or the applicability of any laws regulating the ability of a Property Owner to rent some or all of the property, the amount of rent, the eviction of tenants, and/or mandatory city rental health and safety inspections, is beyond the expertise of the real estate professionals. **For more information about the City of Richmond Rent Ordinance, sellers and buyers should contact the Richmond**

Rent Program, located at 440 Civic Center Plaza, Suite 200, Richmond, CA 94804 | (510) 234-RENT [7368] | rent@ci.richmond.ca.us.

2. The "Sources of Information" section on page 5 of the Purchase Agreement Addendum be amended to include following:

Richmond Rent Program: www.richmondrent.org, 440 Civic Center Plaza, Suite 200, Richmond, CA 94804, Tel: (510) 234-RENT [7368], Email: rent@ci.richmond.ca.us

3. The following attachment be incorporated into the Purchase Agreement Addendum to verify compliance with the Rent Ordinance.

The Rent Board is committed to educating community members about the Rent Ordinance and values its partnership with the Contra Costa County Association of Realtors. To that end, the Board appreciates your consideration of the amendments requested above.

Please feel free to contact me should you have any questions or require additional information.

Sincerely,

Lauren Maddock
City of Richmond Rent Board Chair
lmaddock@richmondrent.org

Cc: Nicolas Traylor, Executive Director, City of Richmond Rent Program

Enclosures:

Richmond Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance
Compliance form

ITEM G-3 ATTACHMENT 4

CITY OF RICHMOND FAIR RENT, JUST CAUSE FOR EVICTION, AND HOMEOWNER PROTECTION ORDINANCE

RICHMOND RENT PROGRAM CERTIFICATION OF COMPLIANCE:

A Property Status Report:

- has been provided to the Buyer
- has not been provided to the Buyer

A. **In Compliance:** If checked, Seller warrants that property is in compliance with the provisions of the City of Richmond Fair, Rent, Just Cause for Eviction, and Homeowner Protection Ordinance, and no outstanding fees are owed. Seller shall provide Buyer with the Rent Program's Property Status Form prior to verification of condition.

B. **Not in Compliance: Responsibility of outstanding fees and other liability:**
By checking this box, Seller puts Buyer on notice that any outstanding fees owed to the City of Richmond Rent Board may be sought by the Rent Board from both the Buyer and Seller. The Seller and Buyer are furthered noticed that a transfer of property does not absolve the Seller of any potential liabilities owed in connection with the property to third-party persons, nor does it insulate the Buyer from any transferred liabilities that may have been incurred by the Seller. Both the Seller and Buyer may be held jointly liable for any liabilities owed to the City of Richmond Rent Board and/or third party persons.

Seller is obligated to bring the property into compliance and is required to deliver a Richmond Rent Program Property Status Form prior to verification of condition.

Buyer assumes all responsibility to bring the Property into compliance at their cost within sixty (60) days of close of escrow. *NOTE: If the Property is not brought into compliance with the Richmond Rent Ordinance, the Buyer may be subject to treble damages and penalties for any rent overcharges and/or wrongful termination of tenancy, in addition to facing restrictions on being able to increase the rent or terminate a tenancy lawfully.*



RICHMOND RENT PROGRAM
PROPERTY STATUS FORM

Property Address: _____ APN: _____

Number of Residential Dwelling Units associated with the APN above: _____*

According to Rent Program records, the following is true concerning the property listed above:

1. Payment of the Rental Housing Fee and Business License Tax

All Residential Rental Housing Fees and Business License Fees associated with the subject property have been paid.

\$ _____ in Rental Housing Fees and/or Business License Fee are outstanding. *Note: Failure to pay either the Rental Housing Fee or Business License Tax may be asserted as a complete defense to an Unlawful Detainer (eviction) lawsuit.*

2. Property Enrollment and Tenancy Registration Requirements

All requisite Property Enrollment and Tenancy Registration (if required) forms associated with the subject property have been completed and submitted.

All requisite Property Enrollment and Tenancy Registration (if required) forms associated with the subject property have NOT been completed and submitted.

3. Compliance with Rent Board or Hearing Examiner Orders or Settlement Agreements associated with the Rent Adjustment Petition Process

No issued Hearing Examiner or Rent Board orders or Settlement Agreements exists as it relates to this property

One or more issued Hearing Examiner or Rent Board orders or Settlement Agreements exists as it relates to this property. Pertinent information may be obtained by submitting a Public Records Act request to Cynthia Shaw (cynthia_shaw@ci.richmond.ca.us).

4. Pending Petitions or Mediations

There are no Rent Adjustment Petitions or Rent Program Mediations pending with the above referenced property.

One or more Rent Adjustment Petitions or Rent Program Mediations are pending. Pertinent information may be obtained by submitting a Public Records Act request to Cynthia Shaw (cynthia_shaw@ci.richmond.ca.us).

**Any discrepancies between the number of residential dwelling units reported by the Rent Program on this form and the number of units offered for sale should be brought to the attention of the Rent Program.*

5. Rent Increase Restrictions and First Right of Refusal

“Rent Increase Restrictions” means restrictions on the Maximum Allowable Rent that may be charged following an Owner Move-In notice of termination of tenancy or eviction (Rent Board Regulation 707) or following a Withdrawal From the Rental Market (Ellis Act (Government Code 7060-7060.7)) notice of termination of tenancy or eviction (Rent Board Regulation 502).

“First Right of Refusal” means that any Tenant whose tenancy is terminated due to the Landlord’s need to temporarily undertake substantial repairs, the Landlord’s decision to withdraw accommodations from the rental market pursuant to the Ellis Act (Government Code 7060-7060.7), or the Landlord’s decision to move themselves or a qualified family member into the rental unit shall have the first right of refusal to return to the unit if it should ever be returned to the market by the Landlord or successor Landlord served the notice of termination of tenancy (Section 11.100.050(c), Richmond Municipal Code).

- The property contains one or more recorded restrictions preventing the property from being rented and attaching liability to owners who rent despite the recorded restrictions. Pertinent information may be obtained by submitting a Public Records Act request to Cynthia Shaw (cynthia_shaw@ci.richmond.ca.us).
- The property contains one or more restrictions preventing an owner from resetting the Maximum Allowable Rent at the inception of a new tenancy. Pertinent information may be obtained by submitting a Public Records Act request to Cynthia Shaw (cynthia_shaw@ci.richmond.ca.us).
- The property contains one or more restrictions that require an owner who seeks to rent the unit/property, to first make an offer of rent to a prior Tenant(s) who has a right of first refusal. Pertinent information may be obtained by submitting a Public Records Act request to Cynthia Shaw (cynthia_shaw@ci.richmond.ca.us).
- There are no pending Maximum Allowable Rent or other rent restrictions levied by the Richmond Rent Program applicable to this property.

Staff Name: _____ Staff Title: _____

The current information is accurate to the best of the Rent Program’s knowledge as of the following date:
