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**SELLER'S MANDATORY DISCLOSURE STATEMENT**
  
*(Required by law on transactions involving non-residential properties in California)*
  
**DO NOT USE THIS FORM WITH REGARD TO THE SALE OF RESIDENTIAL PROPERTIES**
  
 AIR Commercial Real Estate Association

This disclosure statement is intended to be a part of the  STANDARD OFFER, AGREEMENT AND ESCROW INSTRUCTIONS FOR PURCHASE OF REAL ESTATE (See paragraph 9.1(a) of said document) or  \_\_\_\_\_

(the "Purchase Agreement") dated \_\_\_\_\_, regarding that certain real property commonly known as: \_\_\_\_\_

(the "Property") wherein \_\_\_\_\_ is the Seller and \_\_\_\_\_ is the Buyer.

Note: This disclosure statement is not designed nor intended to be used in place of the standard Property Information Sheet published by the AIR Commercial Real Estate Association ("AIR"). Both documents should be used in every transaction involving a sale.

In order to comply with State law concerning disclosures to a potential purchaser, Seller elects to:

A. Utilize a report prepared by a professional consultant which has been approved by the AIR, i.e. **First American Natural Hazard Disclosures**, (800) 527-0027, or **JCP Property Disclosure Reports**, (800) 748-5233. A copy of their report is attached hereto. **(Complete paragraph 8, 9, and 10 and sign this statement in the place provided.)**

B. Utilize a report prepared by \_\_\_\_\_ (\_\_\_\_\_) . A copy of their report is attached hereto. **(Complete paragraphs 8, 9 and 10, sign this Statement in the place provided, and attach a copy of The Commercial Property Owner's Guide to Earthquake Safety.)**

C. Complete this Disclosure Statement without the assistance of a professional consultant. **(Complete paragraphs 1 through 12 and sign this Statement in the place provided. Remember to attach a copy of The Commercial Property Owner's Guide to Earthquake Safety.)**

1. **EARTHQUAKE FAULT ZONES.** If the Property is located within a delineated Earthquake Fault Zone (a zone that encompasses a potentially or recently active trace of an earthquake fault that is deemed by the State Geologist to constitute a potential hazard to structures from surface faulting or fault creep), California Public Resources Code §2621 et seq. mandates that prospective purchasers be advised that the Property is located within such a Zone, and that its development may require a geologic report from a state registered geologist. In accordance with such law, Buyer is hereby informed that the Property is  or is not  within a delineated Earthquake Fault Zone.

2. **SEISMIC HAZARD ZONES.** If the Property is located within a Seismic Hazard Zone as delineated on a map prepared by the California Division of Mines and Geology, California Public Resources Code §2690 et seq. mandates that prospective purchasers be advised that the Property is located within such a Zone. In accordance with such law, Buyer is hereby informed that the Property is  or is not  within a Seismic Hazard Zone.

3. **EARTHQUAKE SAFETY.** If (1) the improvements on the Property were constructed prior to 1975, and (2) said improvements include structures with (i) pre-cast (e.g., tilt-up) concrete or reinforced masonry walls together with wood frame floors or roofs or (ii) unreinforced masonry walls, Buyer must be provided with a copy of The Commercial Property Owner's Guide to Earthquake Safety (the "Booklet") published by the California Seismic Safety Commission. Buyer is hereby informed that the Property:

(a) meets the foregoing requirements, and a copy of the Booklet and a completed "Commercial Property Earthquake Weakness Disclosure Report" is attached hereto. Within five business days of Buyer's receipt of said Disclosure Report, Buyer shall deliver a duly countersigned copy of the same to Escrow Holder, with a copy to Seller and Seller's Broker. Escrow Holder is hereby instructed that the Escrow shall not close unless and until Escrow Holder has received the Disclosure Report duly signed by both Seller and Buyer.

(b) does not meet the foregoing requirements requiring the delivery of the Booklet.

4. **FIRE PROTECTION.** If the Property is located within a designated State Responsibility Area as delineated on a map prepared by the California Department of Forestry, California Public Resources Code §4136 mandates that prospective purchasers be advised that the Property is located within a wildland area which may contain substantial forest fire risks and hazards, that the State may not be responsible to provide fire protection services, and that the Property may be subject to the requirements of Public Resources Code §4291 which requires the periodic removal of brush, the maintenance of firebreaks, and other similar activities. In accordance with such law, Buyer is hereby informed that the Property is  or is not  within a designated State Responsibility Area.

5. **FIRE HAZARD.** If the Property is located within an area designated as a Very High Fire Hazard Severity Zone pursuant to Government Code §51178 et seq, §51183.5 mandates that prospective purchasers be advised that the Property is located within such a zone and that the Property may be subject to various maintenance, design and/or construction requirements and/or restrictions. In accordance with such law, Buyer is hereby informed that the Property is  or is not  within a designated Very High Fire Hazard Severity Zone.

6. **AREA OF POTENTIAL FLOODING.** If the Property is located within an area of potential flooding in the event of the failure of a dam as shown on an inundation map designated pursuant to Government Code §8589.5, §8589.4 mandates that prospective purchasers be advised that the Property is located within such an area. In accordance with such law, Buyer is hereby informed that the Property is  or is not  within a designated area of potential flooding.

7. **FLOOD HAZARD AREAS.** If the Property is located within a designated Federal Flood Hazard Area as delineated on a map prepared by the Federal Emergency Management Agency, Federal law, ie. 42 U.S.C. §4104a, mandates that prospective purchasers be advised that the Property is located within an area having special flood hazards and that flood insurance may be required as a condition to obtaining financing. In accordance with such law, Buyer is hereby informed that the Property is  or is not  within a designated Federal Flood Hazard Area.

8. **FLOOD DISASTER INSURANCE.** If the Seller or Seller's predecessor-in-interest has previously received Federal flood disaster assistance

and said assistance was conditioned upon obtaining and maintaining flood insurance on the Property, Federal law, ie. 42 U.S.C. §5154a, mandates that prospective purchasers be advised that they will be required to maintain such insurance on the Property and that if said insurance is not maintained and the Property is thereafter damaged by a flood disaster, the purchaser may be required to reimburse the Federal Government for the disaster relief provided. Buyer is hereby informed that to the best of the Seller's knowledge Federal flood disaster assistance has  or has not  been previously received with regard to the Property. Note: if such disaster assistance has been received, the law specifies that the required notice be "contained in documents evidencing the transfer of ownership".

9. WATER HEATER BRACING. If the Property contains one or more water heaters, Seller is required by California Health and Safety Code §19211 to certify to the Buyer that all such water heaters have been braced, strapped and/or anchored in accordance with law. Buyer is hereby advised that the required bracing, strapping and/or anchors: ~~have~~  ,or have been installed ~~not~~  have NOT been installed, or  Seller does not know whether they have been installed.

10. PRESENCE OF MOLD. If the seller or transferor of property knows of the presence of mold that affects the property and the mold either exceeds permissible exposure limits or poses a health threat then Health and Safety Code §26140, et seq. mandates that prospective purchasers be advised in writing of such mold. In accordance with such law, Buyer is hereby informed that the undersigned does  or does not  know of the presence of such mold effecting the Property.

11. TITLE INSURANCE. In the event that the Purchase Agreement does not at present provide that title insurance will be obtained, Buyer is strongly urged to consider purchasing such insurance, and, in accordance with California Civil Code §1057.6, is advised as follows:

IMPORTANT: IN A PURCHASE OR EXCHANGE OF REAL PROPERTY, IT MAY BE ADVISABLE TO OBTAIN TITLE INSURANCE IN CONNECTION WITH THE CLOSE OF ESCROW SINCE THERE MAY BE PRIOR RECORDED LIENS AND ENCUMBRANCES WHICH AFFECT YOUR INTEREST IN THE PROPERTY BEING ACQUIRED. A NEW POLICY OF TITLE INSURANCE SHOULD BE OBTAINED IN ORDER TO ENSURE YOUR INTEREST IN THE PROPERTY THAT YOU ARE ACQUIRING.

12. OTHER. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

PLEASE NOTE:

While the information contained in or attached to this Disclosure Statement is believed to be accurate as of the date that it was prepared, the applicable laws and the areas covered by the various natural hazard zones, etc. can change from time to time. Prior to the close of escrow, Buyer may wish to again check the status of the Property. Also, the city and/or county in which the Property is located may have established natural hazard zones in addition to those listed above. Buyer is advised to check with the appropriate local agency or agencies.

The descriptions contained within the above disclosure paragraphs are not intended to be full and complete dissertations of all of the possible ramifications to the Buyer and/or the Property. In the event that this document indicates that the Property is affected by one or more of the disclosures, Buyer is advised to:

- 1. Review the applicable laws in their entirety.
- 2. Seek advice of counsel as to the legal consequences of the items disclosed.
- 3. Retain appropriate consultants to review and investigate the impact of said disclosures.

Likewise no representation or recommendation is made by the AIR Commercial Real Estate Association or by any broker as to the legal sufficiency, legal effect, or consequences of this document or the Purchase Agreement to which it relates.

Date: \_\_\_\_\_  
SELLER

Receipt of the above Seller's Mandatory Disclosure Statement is hereby acknowledged:

Date: \_\_\_\_\_  
BUYER

NOTICE: These forms are often modified to meet changing requirements of law and industry needs. Always write or call to make sure you are utilizing the most current form: AIR Commercial Real Estate Association, 800 W 6th Street, Suite 800, Los Angeles, CA 90017. Telephone No. (213) 687-8777. Fax No.: (213) 687-8616.