

BUYER INSPECTION AND DUE DILIGENCE DISCLOSURE

Compass recommends that buyers conduct extensive due diligence investigations and inspections when purchasing a home. Buyers should be aware that North Carolina law places the burden on discovering conditions, issues, and defects on the buyer and does not always require a seller to make full disclosure of items related to the home. As a result, it is strongly recommended that you obtain the services of professionals or licensed contractors to perform thorough inspections prior to closing. It is also important that you are aware of and consider conditions or issues that may impact the property and the property's value upon resale. Compass cannot offer advice to you about technical or environmental matters related to the home, nor offer legal opinions or tax advice. Such advice must be obtained from professionals who are educated and trained in the specific areas of concern. While Compass can assist you in identifying professionals or licensed contractors, it is up to you to decide which professionals to hire. You should let your Compass agent know if there are ANY issues that are important to you that may warrant investigation.

Listed below are issues that Compass believes you should consider when conducting due diligence. The list does not address everything that you should consider regarding the home and some of these items may not apply to the home that you are considering purchasing. The list does not replace the need for you to hire professionals or licensed contractors. If you have any questions about these, please ask your Compass agent.

Note: The information presented in this disclosure applies to homes located in the Triangle area of North Carolina. Other regions of the state may have additional information that you will need to consider when conducting due diligence.

MATTERS CONCERNING THE HOME:

APPRAISAL	Buyers should obtain the services of a licensed appraiser to get a formal opinion on the value of the home. Appraisers can also verify the square footage of a home. It is highly recommended that you have the appraisal completed prior to the end of the Due Diligence Period. If you are obtaining financing, the lender will order the appraisal. If you are not obtaining financing, you may contact the North Carolina Appraisal Board for a list of licensed appraisers in the area. http://www.ncappraisalboard.org/
ASBESTOS	Asbestos is a component in many construction materials, including certain siding, roofing, textured ceiling spray, ceiling tiles, flooring tiles, and insulation. It is commonly found in older homes (built prior to 1985) and can be hazardous if friable or airborne. https://www.epa.gov/asbestos
BUILDING CODES	If you are considering renovating the home, keep in mind that construction will have to meet current building codes and may require additional steps to bring existing electrical, plumbing, or heating systems into compliance. If you have a question about building code compliance, contact the North Carolina Department of Insurance to discuss the matter with an Engineering Division code consultant. https://www.ncosfm.gov/codes
CERTIFICATES OF OCCUPANCY/PERMITS	The State of North Carolina and local municipalities regulate the construction of homes and other structures. Typically, a building permit is required for most construction, official inspections are conducted during construction, and a Certificate of Occupancy is issued once the home is completed. Some property owners do not comply with these processes, so it is important to verify that improvements have been properly permitted and a Certificate of Occupancy has been issued. https://codes.iccsafe.org/codes/north-carolina
FLOOD HAZARDS	Some homes are located within areas that are susceptible to flooding. Homes located in a flood zone may restrict your ability to improve or build on your property and may require additional insurance at significant cost. https://flood.nc.gov/ncflood
FUEL TANKS	Underground fuel storage tanks have been used to hold propane gas and heating oil for many residential homes throughout North Carolina. Unused and leaking tanks can pose environmental problems, so we recommend that you investigate further if an inspection or survey uncovers one. https://deq.nc.gov/about/divisions/waste-management/ust
IMPERVIOUS SURFACES	Management of stormwater run-off is accomplished by a variety of methods ranging from on-site retention to the limitation of impervious (improved) surfaces to the imposition of fees or assessments for development and maintenance of management facilities. Attention should be paid to local, neighborhood or county restrictions and requirements that may create obligations for owners and/or restrictions on use and improvements. https://deq.nc.gov/about/divisions/energy-mineral-land-resources/stormwater

INSURANCE	The cost of Homeowner's Insurance and Flood Insurance, when desired or required, may vary significantly depending on the home. Claims made by current or former owners have a significant effect on the price of premiums for you. We highly recommend that you thoroughly investigate these costs early in the pre-contract investigations or due diligence process.
LEAD BASED PAINT	Many homes built before 1978 may have paint that contains lead. Some mini-blinds also contain lead paint. If the home was built prior to 1978, a "Lead-Based Paint or Lead-Based Paint Hazard Addendum" will be attached to your offer. You will also be provided with the EPA pamphlet "Protect Your Family from Lead in Your House." https://ehs.unc.edu/oeh/lbp/
METH	Methamphetamine ("Meth") is a highly addictive controlled substance. Creating meth can produce hazardous fumes which can seep into walls, air vents, filters, carpets, draperies and other household components. https://epi.dph.ncdhhs.gov/oec/a_z/meth.html
MOLD	Most types of mold are routinely encountered in homes and are not hazardous to healthy individuals. There may be concern, however, that exposure to certain types of mold may cause or worsen certain health conditions such as asthma, hay fever, allergies, etc. High concentration of mold in homes is usually related to excessive moisture conditions. https://www.epa.gov/mold
PESTS/TERMITES	Wood destroying insects such as termites, wood-boring beetles, carpenter bees, etc. are common in our area. The presence of these insects can cause major structural damage to your home. Licensed inspection and treatment services are readily available. http://www.ncagr.gov/SPCAP/structural/index.htm
POLYBUTYLENE PIPING	Polybutylene pipes (PBP) are commonly found in homes in our area. While the presence of PBP is not necessarily a problem, some homeowners have experienced problems with leaking and the failure of connections or certain types of fittings. It is strongly recommended that you have your inspector check for the existence of PBP. https://www.nachi.org/pb.htm
POWER LINES	High-voltage electric transmission lines produce electric and magnetic fields ("EMF") and may warrant further investigation. https://www.duke-energy.com/Safety-and-Preparedness/Electric-Safety
PRIVATE ROADS	Some streets, roads, shared driveways and alleys providing access to the home are not public or publicly maintained (or both). We recommend that you determine the status of whether the access points are private so that you can understand the potential financial impact of a non-publicly maintained road. Note that North Carolina and local governments provide maintenance only to roads accepted for maintenance, even if dedicated for public use. https://connect.ncdot.gov/resources/gis/Pages/Database-Map-HB620.aspx
RADON	Radon is a colorless and odorless gas naturally occurring in the ground. At certain concentrations it is a health hazard. Current EPA guidelines reflect an acceptable level of radon gas as less than 4.0 pico curies per liter of air. Testing is readily available and is recommended. http://www.ncradon.org/Home.html
RESTRICTIVE COVENANTS	Subdivisions are often controlled by private restrictions through restrictive covenants and homeowners' associations. You should obtain and review a copy of all restrictive covenants that may affect the home prior to making an offer. If you intend to use the home to conduct a business or participate in an atypical activity (raising chickens, breeding pets, etc.), you should pay special attention to these restrictions as these activities are often prohibited. Homeowners' associations may assess homeowner for services that are not budgeted in the dues, so it is important to review the budget of the homeowners' association. https://ncdoj.gov/protecting-consumers/home-repair-and-products/homeowners-associations/
SEPTIC SYSTEMS	Septic waste disposal systems are common in homes located outside city limits and can limit the number of bedrooms allowed and restrict the land area used for construction. These systems are permitted and governed by the local County health departments in which the home is located. The health department maintains records of the location of the system and applicable permits and inspections. We recommend that buyers have an inspection of septic tanks and related systems by a licensed professional. https://www.ncdhhs.gov/divisions/public-health/county-health-departments
SIDING	Many homes in our area may be finished with siding materials (Masonite, OmniWood, Masonite Hardboard) that have been the subject of class action lawsuits. We strongly recommend that a qualified

inspector examine any siding materials to identify the siding product and determine whether there are any existing or potential problems.

SQUARE FOOTAGE

If you are concerned with the measurement of the living area of your home, you should consult a professional to measure it for you (i.e. a licensed appraiser). Occasionally there are moderate amounts of variation from measurement to measurement. Additionally, changes to a home while it is being constructed may cause variations from the original estimates or representations.
<https://www.ncrec.gov/Brochures/Measurement%20booklet%202013.pdf>

SURVEYS

Every home purchaser should obtain a current survey of the property (unless it is a condominium) and review it with an attorney. Surveys show the location of easements and rights-of-way, setback lines, encroachments, boundary lines, and property corners. Although existing surveys may be available, we do not recommend relying on them as they may not reveal current conditions. Additionally, we recommend that your surveyor include an impervious surface calculation on the survey. Surveys can identify title problems and may show other facts that could limit your proposed use and enjoyment of the property. If you plan on installing a fence, constructing a pool, or building an addition, the survey should be obtained and reviewed during the Due Diligence Period to ensure that the proposed improvements will be possible. <https://www.ncbels.org/>

SYNTHETIC STUCCO

Exterior Insulation and Finish Systems (EIFS) is a common siding product but creates a moisture problem if not installed or maintained properly. We recommend further investigation by a licensed contractor if the home had or has EIFS.

TITLE EXAMINATIONS

In North Carolina, you will want to make sure that you have clear title to the home you are purchasing (in the purchase contract, this is called "marketable and insurable" title). Assurance that you are receiving clear title occurs by employing an attorney to examine the seller's title. We highly recommend that you engage an attorney to purchase an Owner's policy of title insurance to further protect yourself.
<https://www.ncdoi.gov/consumers/homeowners-insurance/title-insurance>

TREATED LUMBER

Pressure-treated lumber is often used in decks, fences, playground equipment, and picnic tables. Prior to 2003, some lumber was treated with a pesticide containing Arsenic. Persons with small children and pets may want to investigate further.
<https://www.epa.gov/ingredients-used-pesticide-products/overview-wood-preservative-chemicals>

UTILITIES

Utility services are not necessarily available in every location. Public water, sewer services, natural gas, trash collection, recycling, cable, and internet may be limited to defined service areas. You should make inquiries to suppliers during the Due Diligence Period to confirm availability of desired services.

VACANT LAND

If there is vacant land adjacent to or nearby the home you wish to purchase, do not assume that it will remain unimproved. Although zoning, planning, and restrictive covenants may influence or restrict future development, you should anticipate that it will be improved in the future. You should keep in mind that if unimproved land is developed, it may affect the view from your home (by the removal of trees and other vegetation) or cause stormwater and drainage issues.

VOLATILE ORGANIC COMPOUNDS (VOC)

Volatile organic compounds (VOCs) are emitted as gases from certain solids or liquids. VOCs include a variety of chemicals, some of which may have adverse health effects. Concentrations of many VOCs are higher indoors than outdoors and are often present in higher concentrations in newly constructed residences. Persons with sensitivities to chemicals should consider obtaining an air quality test to alleviate concerns over VOCs that may emit from paints, cleaning supplies, building materials, and furnishings.
<https://www.epa.gov/indoor-air-quality-iaq/technical-overview-volatile-organic-compounds>

WATER SYSTEMS

We recommend that you have an inspection and water testing performed by a private lab or the County Health Department if a private well or water system is located on the property. Private water wells and private water systems may contain biologic or chemical contamination, such as nitrates, lead, iron, other metals or minerals, radon, pesticides and a variety of other contaminants.
<https://www.ncdhhs.gov/divisions/public-health/county-health-departments>

MATTERS CONCERNING WHERE THE HOME IS LOCATED:

AIRPORT NOISE

The Raleigh-Durham International Airport operates seven days a week, 24-hours a day. There are also several regional airports located throughout the Triangle area. The size and type of aircraft used will generate different noise levels. The Raleigh Durham Airport Authority has designated certain bands or areas that are subject to air traffic noise (Noise Abatement Areas). You should determine how that may

affect your decision to purchase a particular home. <https://www.rdu.com/airport-authority/aircraft-noise-at-rdu/>

BUS SERVICE	The availability and location of bus services may be of importance to you. Your Compass agent will be able to assist in locating a bus service that serves the home. The location of bus stops, bus shelters, and bus terminals may also be of interest to you.
CRIME	The best source for information related to neighborhood crime and statistics is the local police or Sherriff's department. https://www.nc.gov/services/crime-statistics
HIGHWAY DEVELOPMENT	We recommend that you contact a qualified source for information on proposed highway improvements or construction to determine the possible impact on the property you wish to purchase. https://www.ncdot.gov/projects/Pages/default.aspx
LANDFILLS	Waste landfills are located throughout the Triangle area. Living near such facilities may be objectionable because of odors, pests, traffic, noise, and other environmental effects. Your local municipality will have a list of landfills that are nearby.
OIL/GAS/TIMBER RIGHTS	Rights for future exploration and mining of minerals, oil, and gas or for timber logging may be separately conveyed or reserved by an owner when conveying title to land. These rights or reservations are typically recorded with the Office of Register of Deeds. If you are concerned about whether the home that you wish to buy is affected by the severance of these rights and reservations, discuss it with your closing attorney who will discover those items during a title examination.
NATURAL GAS	The natural gas industry is creating new pipelines and establishing natural gas producing wells. Dominion Energy has commenced condemnation actions for the construction of a new pipeline that will run through eastern Wake County, central Franklin County, western Johnston County, eastern Harnett County, and central Cumberland County as well as a new pipeline that will run through Durham County. In addition, North Carolina has approved hydraulic fracturing ("fracking") for natural gas exploration and production. https://www.dominionenergy.com/projects-and-facilities/natural-gas-projects
NUCLEAR POWER	The Shearon Harris Nuclear Plant is located in southern Wake County. A 10-mile diameter emergency planning zone (EPZ) has been established and an alert system operates in this area in the event of any emergency at the plant. https://www.duke-energy.com/Safety-and-Preparedness/Nuclear-Safety/Harris
RAILROADS	Homes located in the vicinity of a railroad, which are located throughout the Triangle area, may be within range of significant train noise. https://www.ncdot.gov/divisions/rail/Pages/about.aspx
ROCK QUARRIES	Homes located in the vicinity of a rock quarry, which are located throughout the Triangle area, may be within range of quarry blast noise.
SCHOOL ATTENDANCE	School attendance assignments in North Carolina vary and are frequently modified. It is important for you to obtain reliable information directly from the specific school system where your home is located. Note that while most of the school systems are operated by the County, there are several City operated school systems in the Triangle.
SEX OFENDER REGISTRY	Sex offenders are required by law to register the location of their residence. Under NC law, real estate brokers are not required to investigate or report the location of s registered sex offender. For more information or to search the registry, visit: https://www.nc.gov/services/sex-offender-registry
MISCELLANEOUS	Since it is impossible to itemize every specific issue or concern that you may find important, do not assume that matters that are important to you are viewed that way by others. Do not assume that every issue or concern is disclosed by the property owners or the listing agent. For example, make sure that you have researched general information that relates to the property (trash removal dates, greenway system maps, location of grocery stores and gas stations, etc.). It is also extremely important to physically inspect the property and to make sure that you do so at various times (morning, noon, night, weekdays, weekends) to identify traffic patterns and proximity to work and desired amenities. Wisely use your time to inspect and investigate a home both before and after going under contract to assure all matters of concern to you are understood and acceptable.

Please indicate by signing this form that you have been provided and read this disclosure and understand our advice to hire licensed and/or trained professionals to investigate and evaluate any areas of concern to you.

Signature

Date

Signature

Date