

## UTAH BUYER DUE DILIGENCE CHECKLIST

THIS BUYER DUE DILIGENCE CHECKLIST is provided by:

\_\_\_\_\_ (the "Company"), including \_\_\_\_\_  
(the "Agent"), to \_\_\_\_\_ (the "Buyer") in connection  
with the purchase of any property.

### **BUILDING CODE/ZONING COMPLIANCE**

Buyer is advised to consult with local zoning officials to assure that Buyer's intended use of a property (including, but not limited to, rental and business uses, construction of new improvements and/or the remodel of existing improvements) will comply with local zoning requirements and with any recorded restrictive covenants and conditions. Buyer should determine whether a certificate of occupancy has been issued for a property and if such certificate is available for inspection. Buyer is also advised to make inquiry at the local building department to determine if building permits and final inspections were obtained for any remodel work at a property, if applicable. Buyer acknowledges that the Company should not be relied upon for any determination as to any past, present or future building code or zoning restrictions or violations, or as to the suitability of a property for Buyer's intended use.

### **RENTAL OF PROPERTY**

If Buyer intends to use a property as a rental, Buyer is advised to consult with local zoning officials and to review any applicable restrictive covenants to determine that rental of a property is a legal use and does not violate any restrictive covenants. Buyer is also advised to consult with local governmental authorities to determine whether a business or other license is required in order to use a property as a rental. Buyer acknowledges that the Company should not be relied upon for any determination as to whether rental of a property is a legal or permitted use.

### **HAZARDOUS WASTE AND TOXIC SUBSTANCES**

Buyer is advised to consult with appropriate professionals regarding the possible existence of hazardous wastes and toxic substances on a property, including, but not limited to, asbestos, radon gas, lead and lead-based paint, and contamination of a property from the use, storing or manufacturing of any illegal substances including, methamphetamines. Buyer is advised that a variety of federal laws can place strict liability on property owners for hazardous waste management and cleanup of hazardous substances. Buyer is advised of Buyer's obligation to make appropriate inquiries ("due diligence") into past uses of a property to ascertain the possible existence of hazardous wastes or toxic substances. Buyer acknowledges that the

Company should not be relied upon for any determination as to the existence of any hazardous wastes or toxic substances.

### **RADON GAS**

The EPA and the Surgeon General have linked exposure to elevated radon levels to an increased risk of developing lung cancer. The Buyer is advised to consult with appropriate professionals to determine if elevated levels of radon gas exist in a property. Additional information regarding radon is available from the state of Utah at [radon.utah.gov](http://radon.utah.gov) and the EPA at [epa.gov/radon/](http://epa.gov/radon/).

### **SURVEYING AND STAKING**

Buyer is advised that without an accurate survey of a property, Buyer cannot be certain as to the boundaries of a property, or that any improvements on a property are not encroaching upon adjoining parcels of property, or that improvements located on adjoining parcels of property do not encroach onto a property. Walls and fences may not correspond with legal boundary lines for a property. Buyer acknowledges that the Company should not be relied upon for any determination as to the boundaries of a property or of any encroachments within or over the actual boundaries of a property.

### **HOME WARRANTY PLANS**

Buyer acknowledges that Buyer has been advised by the Company of the availability of Home Warranty Plans which provide limited warranties for certain home appliances and certain components of a property after Closing.

### **FLOOD ZONE AND INSURANCE**

If a property is located in a "Flood Zone" as set forth on the H.U.D. "Special Flood Zone Area" map, the mortgage lender may require that Buyer obtain and pay for flood insurance on a property and its improvements.

### **HOMEOWNERS INSURANCE**

Buyer is advised that certain properties, due to location, condition, and/or claims history, may be uninsurable, or may only be insurable at an increased cost. Buyer is also advised that Buyer's credit, insurance claims history, and other issues (such as specific kinds of pets), may be factors in determining the availability and cost of homeowner's insurance. Buyer is advised to consult directly with insurance companies of Buyer's choice regarding the availability and costs of homeowner's insurance for a property.

### **TITLE ISSUES/HOMEOWNERS ASSOCIATION**

Buyer is advised that title insurance companies offer a variety of title insurance policies that provide different levels of coverage. Buyer is advised to carefully review with legal

counsel and with the title insurer: (a) the available title insurance coverage; (b) the contents of any Commitment for Title Insurance on a property; and (c) the contents of all documents affecting a property that are a matter of public record, including, but not limited to, any restrictive covenants (CC&R's). If a property is part of a Condominium or other Homeowners Association ("HOA"), Buyer is advised to consult directly with the HOA regarding all HOA matters that may affect the property, including, but not limited to, existing and proposed budgets, financial statements, present and proposed assessments, dues, fees, reserve accounts, rules, and meeting minutes.

### **PHYSICAL CONDITION**

Buyer is advised to consult with appropriate professionals regarding all physical aspects of a property, including, but not limited to: built-in appliances; plumbing fixtures, lines, fittings and systems; heating, air conditioning systems and components; electrical wiring, systems, appliances and components; foundation; roof; structure; exterior surfaces (including stucco), exterior features and equipment; pool/spa systems and components; any diseased trees or other landscaping; and moisture seepage and damage from roof, foundation or windows. Buyer is advised not to rely on seller, the Company, or any agents of the Company for a determination regarding the physical condition of a property.

### **SQUARE FOOTAGE/ACREAGE**

If the square footage or acreage of a property is of material concern to Buyer, Buyer is advised to verify the square footage or acreage through any independent sources or means deemed appropriate by Buyer. In the event the Company provides any numerical statements regarding these items, such statements are approximations only. Buyer is advised not to rely on seller, the Company, or any agents of the Company for a determination regarding the square footage or acreage of a property.

### **UTILITY SERVICES**

Buyer is advised to consult with appropriate professionals regarding the location of utility service lines and the availability and cost of all utility services for a property including, but not limited to, sewer, natural gas, electricity, telephone, and cable TV. Buyer is advised that a property may not be connected to public water and/or public sewer, and applicable fees may not have been paid. Septic tanks may need to be pumped. Leach fields may need to be inspected.

### **WATER**

Buyer is advised to consult with the water service provider for a property and with other appropriate professionals regarding the source, quality, and availability of water for a property; and regarding all applicable fees and costs (including, without limitation, connection fees, stand-by fees and service fees), use and regulatory restrictions, and ownership of water rights and water system. Depending upon the location of a property,

the water service provider, and climate conditions, water service to a property may be interrupted. A well and well system may require inspection. Buyer is further advised that, depending upon the location of a property, State and local laws may impose specific requirements regarding the source, the capacity, and the quality of water that will service new plat or building permit applications. Such water-related laws may directly impact Buyer's ability to develop a property and/or obtain a building permit for any improvements to a property. Buyer is advised to consult directly with applicable State and local authorities, and with legal counsel, regarding the content and potential effect of such water-related laws.

### **GEOLOGIC CONDITIONS**

Buyer is advised to consult with appropriate professionals regarding possible geologic conditions at or near a property. Such geologic conditions may include, but are not limited to, soil and terrain stability, the existence of wetlands, drainage problems, and any building and/or zoning requirements relating to such geologic conditions.

### **MOLD**

Buyer is advised to consult with appropriate professionals to determine the possible existence of mold in a property. Water leaks and water damage to a property may result in mold that may have adverse health effects. Additional information regarding mold is available through the EPA at: [www.epa.gov](http://www.epa.gov).

### **HOUSING COMPLIANCE**

Buyer is advised to consult with appropriate professionals regarding neighborhood or property conditions including, but not limited to: schools; proximity and adequacy of law enforcement; proximity to commercial, industrial, or agricultural activities; crime statistics; fire protection; other governmental services; existing and proposed transportation; construction and development; noise or odor from any source; and other nuisances, hazards, or circumstances. All properties will be shown without regard to race, color, religion, sex, national origin, handicap or familial status and any other requirements of federal and state fair housing laws.

### **PROPERTY TAXES**

Buyer is advised that, depending upon present use, a property may be taxed as "Greenbelt". A purchase of a property may change the Greenbelt status and the amount of property taxes assessed by the County. Such change in Greenbelt status may also result in liability for roll-back taxes. If Buyer has any questions regarding County property tax requirements, Buyer is advised to consult directly with the County Assessor's Office.

**PUBLIC INFRASTRUCTURE DISTRICTS (PID)**

Buyer is advised to verify if a property is located within a PID. Buyer is also advised that owners of properties located within a PIO may be responsible for additional property tax obligations as a result of a PIO issuing a limited tax bond. See Utah Code 17D-4-101 for reference.

**INCOME TAX/LEGAL CONSEQUENCES**

Buyer is advised that this transaction has tax and legal consequences. Buyer is advised to consult with appropriate legal and tax advisors regarding this transaction.

**FOREIGN INVESTMENT IN REAL PROPERTY TAX ACT (FIRPTA)**

In general, the sale or other disposition of a U.S. real property interest by a foreign person as defined in the Internal Revenue Code is subject to income tax withholding under FIRPTA. If FIRPTA applies to the SELLER, the buyer or other qualified substitute may be legally required to withhold and remit to the IRS a specified percentage of the total purchase price for a property at closing. FIRPTA may require Buyer's signature on applicable IRS withholding forms. Failure to comply with FIRPTA may create liability for Buyer and Seller. If FIRPTA applies to this transaction, Buyer and Seller are advised to consult with appropriate legal and tax advisors regarding their rights and obligations under FIRPTA.

**ENERGY EFFICIENCY**

According to the national ENERGY STAR, and other similar energy efficiency programs, utility bills in a typical existing home can be reduced by 20% or more through energy efficiency improvements. A home energy analysis can be provided by certified home energy efficiency professionals to document the energy efficiency levels of an existing home, and also provide recommendations for energy improvements that will reduce utility costs, improve comfort, and improve indoor air quality and safety of a property. Buyer is advised to consult with appropriate energy efficiency professionals regarding any property of interest to the Buyer. Additional information is available at [www.energystar.gov](http://www.energystar.gov).

**ACKNOWLEDGEMENT OF RECEIPT BY BUYER**

Buyer's signature below acknowledges Buyer's receipt of this Due Diligence Checklist.

Buyer: \_\_\_\_\_ Date: \_\_\_\_\_

Buyer: \_\_\_\_\_ Date: \_\_\_\_\_