SELLER ADVISORY
WHEN IN DOUBT – DISCLOSE!

Sellers are obligated by law to disclose all known material (important) facts about the property to the buyer. Arizona law requires that you disclose material facts about the property whether or not you are asked by the buyer or a real estate agent, or when asked to complete a disclosure form. There are also some very specific seller disclosures that you are required by statute to make. For example, sellers are required to disclose information on lead based paint in homes built prior to 1978, and if the property is in the vicinity of a military or public airport. You may also be required to complete and record an affidavit of disclosure if you are selling property in an unincorporated area of a county.

If the buyer asks you about an aspect of the property, you have a duty to disclose the information, regardless of whether or not you consider the information material. You also have a legal duty to disclose facts when disclosure is necessary to prevent a previous statement from being misleading or misrepresented: for example, if something changes. However, a seller does not generally have a legal obligation to correct defects in the property, as long as the defects are disclosed. Any correction of the defects is a matter of contract negotiation between you and the buyer.

If you do not make the legally required disclosures, you may be subject to civil liability. Under certain circumstances, nondisclosure of a fact is the same as saying that the fact does not exist. Therefore, nondisclosure may be given the same legal effect as fraud.

The Arizona Association of REALTORS® Seller’s Property Disclosure Statement (“SPDS”) is designed to assist you in making these legally required disclosures and to avoid inadvertent nondisclosures of material facts.

You should complete the SPDS by answering all questions as truthfully and as thoroughly as possible. Attach copies of any available invoices, warranties, inspection reports, and leases, to insure that you are disclosing accurate information. Also, use the blank lines to explain your answers. If you do not have the personal knowledge to answer a question, it is important not to guess — use the blank lines to explain the situation.

The SPDS is divided into six general sections:

1) **Ownership and Property:** This section asks for general information about the property, such as location, ownership and occupancy. Any seller, whether or not that seller has actually lived in the property, should be able to answer most, if not all, of the questions in this section.

2) **Building and Safety Information:** This section asks for information regarding the physical aspects of the property. You should disclose any past or present problems with the property and any work or improvements made to the property. You are also asked specifically to disclose any knowledge of past or current presence of termites or other

wood destroying organisms on the property, and whether scorpions or other possible "pests" have ever been present on the property. Although many sellers will answer affirmatively to these questions, they were necessitated by lawsuits involving the alleged non-disclosure of these natural inhabitants.

3) **Utilities:** You are asked whether the property currently receives the listed utilities, and if so, to identify the provider. The water source and any known information about drinking water problems should also be disclosed.

4) **Environmental Information:** A variety of environmental information is requested. In addition to questions regarding environmental hazards, you are asked to disclose any issues relating to soil settlement/expansion, drainage/grade, or erosion; noise from the surrounding area including airport and traffic noise; and any odors or other nuisances. As a result of recent lawsuits and potential health concerns, you are asked specifically if you are aware of any past or present mold growth on the property. Mold spores are everywhere and when mold spores drop in places where there is water damage or excessive moisture, or where there has been flooding, mold will grow. Thus, you are asked to disclose any conditions conducive to mold growth, such as past or present dampness/moisture, flooding, and water damage or water leaks of any kind.

5) **Sewer/Wastewater Treatment:** There are many questions dealing with the topic of sewer or wastewater treatment as a result of claims involving alleged misrepresentations that the property was connected to a sewer, when in fact it was not. You are asked if the entire property is connected to a sewer and if so, whether the sewer connection has been professionally verified. If the property is served by an on-site wastewater treatment facility, i.e., a septic or alternative wastewater system, a variety of additional information is required.

6) **Other Conditions and Factors—Additional Explanations:** These blank lines provide space for you to disclose any other important information concerning the property that might affect the buyer's decision-making process, the value of the property, or its use, and to make any other necessary explanations.

Please note: By law, sellers are not obligated to disclose that the property is or has been: (1) the site of a natural death, suicide, homicide, or any other crime classified as a felony; (2) owned or occupied by a person exposed to HIV, or diagnosed as having AIDS or any other disease not known to be transmitted through common occupancy of real estate; or (3) located in the vicinity of a sex offender. However, the law does not protect a seller who makes an intentional misrepresentation. For example, if you are asked whether there has been a death on the property and you know that there was such a death, you should not answer "no" or "I don't know"; instead you should either answer truthfully or respond that you are not legally required to answer the question.
MESSAGE TO THE SELLER:

Sellers are obligated by law to disclose all known material (important) facts about the Property to the Buyer. The SPDS is designed to assist you in making these disclosures. If you know something important about the Property that is not addressed on the SPDS, add that information to the form. Prospective Buyers may rely on the information you provide.

INSTRUCTIONS: (1) Complete this form yourself. (2) Answer all questions truthfully and as fully as possible. (3) Attach all available supporting documentation. (4) Use explanation lines as necessary. (5) If you do not have the personal knowledge to answer a question, use the explanation lines to explain. By signing below you acknowledge that the failure to disclose known material information about the Property may result in liability.

MESSAGE TO THE BUYER:

Although Sellers are obligated to disclose all known material (important) facts about the Property, there are likely facts about the Property that the Sellers do not know. Therefore, it is important that you take an active role in obtaining information about the Property.

INSTRUCTIONS: (1) Review this form and any attachments carefully. (2) Verify all important information. (3) Ask about any incomplete or inadequate responses. (4) Inquire about any concerns not addressed on the SPDS. (5) Review all other applicable documents, such as CC&R’s, association bylaws, rules, and the title report or commitment. (6) Obtain professional inspections of the Property. (7) Investigate the surrounding area.

THE FOLLOWING ARE REPRESENTATIONS OF THE SELLER(S) AND ARE NOT VERIFIED BY THE BROKER(S) OR AGENT(S).

OWNERSHIP AND PROPERTY

1. As used herein, "Property" shall mean the real property and all fixtures and improvements thereon and appurtenances incidental there- to, plus fixtures and personal property described in the Contract.

3. PROPERTY ADDRESS: ____________________________________________

4. Is the Property located in an unincorporated area of the county? □ Yes □ No If yes, and five or fewer parcels of land other than subdivided land are being transferred, the Seller must furnish the Buyer with a written Affidavit of Disclosure in the form required by law.

6. LEGAL OWNER(S) OF PROPERTY: ____________________________ Date Purchased: ____________________________

7. Is the legal owner(s) of the Property a foreign person or a non-resident alien pursuant to the Foreign Investment in Real Property Tax Act (FIRPTA)? □ Yes □ No If yes, consult a tax advisor; mandatory withholding may apply.

9. Is the property located in a community defined by the fair housing laws as housing for older persons? □ Yes □ No

10. Explain: ________________________________________________________

11. Approximate year built: ______. If Property was built prior to 1978, Seller must furnish the Buyer with a lead-based paint disclosure form.

12. NOTICE TO BUYER: IF THE PROPERTY IS IN A SUBDIVISION, A PUBLIC REPORT, WHICH CONTAINS A VARIETY OF INFORMATION ABOUT THE SUBDIVISION AT THE TIME THE SUBDIVISION WAS APPROVED, MAY BE AVAILABLE BY CONTACTING THE ARIZONA DEPARTMENT OF REAL ESTATE OR THE HOMEBUILDER. THE PUBLIC REPORT INFORMATION MAY BE OUTDATED.

13. The Property is currently: □ Owner-occupied □ Leased □ Estate □ Foreclosure □ Vacant If vacant, how long? ______

16. If a rental property, how long? _____________ Expiration date of current lease: _____________ (Attach a copy of the lease if available.)

17. If any refundable deposits or prepaid rents are being held, by whom and how much? Explain: __________________________________________________________

18. □ YES □ NO

19. □ YES □ NO Have you entered into any agreement to transfer your interest in the Property in any way, including rental renewals or options to purchase? Explain: _______________________________________________________

21. □ YES □ NO Are you aware if there are any association(s) governing this Property?

22. If yes, provide contact(s) information: Name: ____________________________ Phone #: ____________________________

23. If yes, are there any fees? How much? $ _____________ How often? _____________

24. □ YES □ NO Are you aware of any transfer fees or other fees due upon transfer of the Property? Explain: __________________________________________________________

25. ________________________________________________________________
BUILDING AND SAFETY INFORMATION

YES NO

26. □ □ Are you aware of any past or present roof leaks? Explain:

27. □ □ Are you aware of any other past or present roof problems? Explain:

28. □ □ Are you aware of any roof repairs? Explain:

29. □ □ Is there a roof warranty? (Attach a copy of warranty if available.)

30. □ □ If yes, is the roof warranty transferable? Cost to transfer

31. □ □ NOTICE TO BUYER: CONTACT A PROFESSIONAL TO VERIFY THE CONDITION OF THE ROOF.

32. □ □ Are you aware of any cracks or settling involving the foundation, exterior walls or slab? Explain:

33. □ □ Are you aware of any chimney or fireplace problems, if applicable? Explain:

34. Paving  □ Sewer  □ Water  □ Electric  □ Other

35. Explain:

36. Are you aware of any title issues affecting this Property? (Check all that apply):

37. Recorded easements  □ Use restrictions  □ Lot line disputes  □ Encroachments

38. Unrecorded easements  □ Use permits  □ Other

39. Explain:

40. Are you aware of any public or private use paths or roadways on or across this Property?

41. Explain:

42. Are you aware of any problems with legal or physical access to the Property? Explain:

43. The road/street access to the Property is maintained by the □ County  □ City  □ Homeowners' Association  □ Privately

44. If privately maintained, is there a recorded road maintenance agreement? Explain:

45. Are you aware of any violation(s) of any of the following? (Check all that apply):

46. Zoning  □ Building Codes  □ Utility Service  □ Sanitary health regulations

47. Covenants, Conditions, Restrictions (CC&R's)  □ Other  □ (Attach a copy of notice(s) of violation if available.)

48. Explain:

50. □ □ Are you aware of any homeowner's insurance claims having been filed against the Property?

51. Explain:

52. NOTICE TO BUYER: YOUR CLAIMS HISTORY, YOUR CREDIT REPORT, THE PROPERTY'S CLAIMS HISTORY

AND OTHER FACTORS MAY AFFECT THE INSURABILITY OF THE PROPERTY AND AT WHAT COST. UNDER

ARIZONA LAW, YOUR INSURANCE COMPANY MAY CANCEL YOUR HOMEOWNER'S INSURANCE WITHIN 60

DAYS AFTER THE EFFECTIVE DATE. CONTACT YOUR INSURANCE COMPANY.

56. □ □ Are you aware of any pending or existing association assessment(s)? Explain:

57. □ □ Are you aware of any pending or anticipated disputes or litigation regarding the Property or the association(s)?

58. Explain:

59. □ □ Are you aware of any of the following recorded against the Property? (Check all that apply):

60. Judgment liens  □ Tax liens  □ Other non-consensual liens

61. Explain:

62. □ □ Are you aware of any assessments affecting this Property? (Check all that apply):

63. Paving  □ Sewer  □ Water  □ Electric  □ Other

64. Explain:

65. □ □ Are you aware of any public or private use paths or roadways on or across this Property?

66. Explain:

67. □ □ Are you aware of any problems with legal or physical access to the Property? Explain:

68. The road/street access to the Property is maintained by the □ County  □ City  □ Homeowners' Association  □ Privately

69. If privately maintained, is there a recorded road maintenance agreement? Explain:

70. □ □ Are you aware of any violation(s) of any of the following? (Check all that apply):

71. Zoning  □ Building Codes  □ Utility Service  □ Sanitary health regulations

72. Covenants, Conditions, Restrictions (CC&R's)  □ Other  □ (Attach a copy of notice(s) of violation if available.)

73. Explain:
72. □ □ Are you aware of any damage to any structure on the Property by any of the following? (Check all that apply):
    ■ Flood  □ Fire  □ Wind  □ Expansive soil(s)  □ Water  □ Hail  □ Other ______________________
    Explain: ________________________________________________________________

74. □ □ Are you aware of past or present treatment of the Property for termites or other wood destroying organisms?
    If yes, date last treatment was performed: ________________________________
    Name of treatment provider: ____________________________________________

75. □ □ Are you aware of any of the following:
    □ Past presence of termites or other wood destroying organisms on the Property?
    □ Current presence of termites or other wood destroying organisms on the Property?
    □ Past or present damage to the Property by termites or other wood destroying organisms?
    Explain: __________________________________________________________________

76. □ □ Are you aware of past or present treatment of the Property for termites or other wood destroying organisms?
    If yes, date last treatment was performed: ________________________________
    Name of treatment provider: ____________________________________________

77. □ □ Is there a treatment warranty? (Attach a copy of warranty if available.)
    If yes, is the treatment warranty transferrable?

81. □ □ NOTICE TO BUYER: CONTACT STATE OF ARIZONA STRUCTURAL PEST CONTROL COMMISSION
    FOR PAST TERMITE REPORTS OR TREATMENT HISTORY.

86. □ □ Are you aware of any past or present problems with the heating or cooling system(s)?
    Explain: ________________________________________________________________

90. □ □ Heating: Type(s) _______________________________________________________

91. □ □ Cooling: Type(s) _______________________________________________________

92. □ □ Are you aware of any past or present problems with the heating or cooling system(s)?
    Explain: ________________________________________________________________

97. □ □ Are you aware of the type of water pipes, such as galvanized, copper, PVC, CPVC or polybutylene?
    If yes, identify: __________________________________________________________

98. □ □ Are you aware of any past or present plumbing problems? Explain:
    ________________________________________________________________

99. □ □ Are you aware of any water pressure problems? Explain:
    ________________________________________________________________

101. □ □ Type of water heater(s): □ Gas  □ Electric  □ Solar  Approx. age(s): _____________

102. □ □ Are you aware of any past or present water heater problems? Explain:
    ________________________________________________________________

103. □ □ Is there a landscape watering system? If yes, type: □ automatic timer  □ manual  □ both

104. □ □ If yes, are you aware of any past or present problems with the landscape watering system?
    Explain: ________________________________________________________________

105. □ □ Are there any water treatment systems? (Check all that apply):
    □ water filtration  □ reverse osmosis  □ water softener  □ Other ______________________
    Is water treatment system(s) □ owned  □ leased (Attach a copy of lease if available.)

106. □ □ Are you aware of any past or present problems with the water treatment system(s)?
    Explain: ________________________________________________________________

110. □ □ SWIMMING POOL/SPA/HOT TUB/SAUNA/WATER FEATURE:
    □ Does the Property contain any of the following? (Check all that apply):

111. □ □ Swimming pool  □ Spa  □ Hot tub  □ Sauna  □ Water feature
    □ If yes, are either of the following heated? □ Swimming pool  □ Spa
    □ If yes, type of heat: _______________________________________________________

115. □ □ Are you aware of any past or present problems relating to the swimming pool, spa, hot tub, sauna or water feature?
    Explain: ________________________________________________________________
## MISCELLANEOUS:

124. Are you aware of or have you observed any of the following on the Property? (Check all that apply):
- Scorpions
- Rabid animals
- Bee swarms
- Rodents
- Owls
- Reptiles
- Other: ____________________

Explain: ____________________

125. How often is the Property serviced or treated for pests, reptiles, insects or animals? ____________________

Name of service provider: ____________________ Date of last service: ____________________

126. Are you aware of any work done on the Property, such as building, plumbing, electrical or other improvements? (If no, skip to line 144.)

Explain: ____________________

127. Are you aware of any rooms added to the Property or converted to bedrooms? ____________________

Explain: ____________________

128. Were permits for the work required? Explain: ____________________

If yes, were permits for the work obtained? Explain: ____________________

129. Was the work performed by a person licensed to perform the work? Explain: ____________________

If yes, was approval granted by the association? Explain: ____________________

130. Was approval for the work required by any association governing the property? Explain: ____________________

If yes, was approval granted by the association? Explain: ____________________

131. Was the work completed? Explain: ____________________

132. Are there any security bars or other obstructions to door or window openings? Explain: ____________________

133. Are you aware of any past or present problems with any built-in appliances? Explain: ____________________

134. Are there any leased propane tanks, equipment or other systems on the Property? Explain: ____________________

135. Does the Property contain any of the following systems or detectors? (Check all that apply):
- Smoke/fire detection
- Fire suppression (sprinklers)
- Carbon monoxide detector

Explain: ____________________

136. Are you aware of any past or present problems with the above systems? Explain: ____________________

## UTILITIES

### DOES THE PROPERTY CURRENTLY RECEIVE THE FOLLOWING SERVICES?

<table>
<thead>
<tr>
<th>YES</th>
<th>NO</th>
<th>PROVIDER</th>
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<tbody>
<tr>
<td>150</td>
<td></td>
<td>Electricity: .................................................</td>
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<tr>
<td>151</td>
<td></td>
<td>Fuel: [ ] Natural gas [ ] Propane [ ] Oil</td>
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<td>152</td>
<td></td>
<td>Cable: ....................................................</td>
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<td>153</td>
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<td>Telephone: .................................................</td>
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<td>154</td>
<td></td>
<td>Garbage Collection: .....................................</td>
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<td>155</td>
<td></td>
<td>Fire: ........................................................</td>
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<td>156</td>
<td></td>
<td>Irrigation: ................................................</td>
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<tr>
<td>157</td>
<td></td>
<td>Water Source: [ ] Public [ ] Private water co. [ ] Private well [ ] Shared well [ ] Hauled water</td>
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</table>

If water source is a private or shared well, complete and attach DOMESTIC WATER WELL/WATER USE ADDENDUM.

If source is public, a private water company, or hauled water, Provider is: ____________________

NOTICE TO BUYER: IF THE PROPERTY IS SERVED BY A WELL, PRIVATE WATER COMPANY OR A MUNICIPAL WATER PROVIDER, THE ARIZONA DEPARTMENT OF WATER RESOURCES MAY NOT HAVE MADE A WATER SUPPLY DETERMINATION. FOR MORE INFORMATION ABOUT WATER SUPPLY, CONTACT THE WATER PROVIDER.
### ENVIRONMENTAL INFORMATION

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
<th>Question</th>
<th>Answer</th>
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<tr>
<td></td>
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<td>170. Are you aware of any past or present issues or problems with any of the following on the Property? (Check all that apply):</td>
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<td>171. Soil settlement/expansion □ Drainage/grade □ Erosion □ Fissures □ Dampness/moisture □ Other</td>
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<td>Explain:</td>
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<td>172. Are you aware of any past or present issues or problems in close proximity to the Property related to any of the following? (Check all that apply):</td>
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<td></td>
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<td>173. Soil settlement/expansion □ Drainage/grade □ Erosion □ Fissures □ Other</td>
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<td>Explain:</td>
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<td>179. Odors □ Nuisances □ Sand/gravel operations □ Other</td>
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<td>Explain:</td>
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<td>181. Are you aware if the Property is located in the vicinity of an airport (military, public, or private)?</td>
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<td>Explain:</td>
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<td>184. Asbestos □ Radon gas □ Lead-based paint □ Pesticides □ Underground storage tanks □ Fuel/chemical storage</td>
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<td>Explain:</td>
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<td>186. Are you aware if the Property is located within any of the following? (Check all that apply):</td>
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<td>187. Superfund/ WQARF/ CERCLA □ Wetlands area</td>
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<td>Are you aware of any open mine shafts/tunnels or abandoned wells on the Property?</td>
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<td>If yes, describe location:</td>
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<td>191. Are you aware if any portion of the Property ever having been flooded? Explain:</td>
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<td>Are you aware of any past or present mold growth on the Property? If yes, explain:</td>
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</table>

### SEWER/WASTEWATER TREATMENT

<table>
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<tr>
<th>Yes</th>
<th>No</th>
<th>Question</th>
<th>Answer</th>
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<td>198. Is the entire Property connected to a sewer? Explain:</td>
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<td>199. If yes, has a professional verified the sewer connection? If yes, how and when:</td>
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<td>NOTICE TO BUYER: CONTACT A PROFESSIONAL TO CONDUCT A SEWER VERIFICATION TEST.</td>
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<td>Type of sewer: □ Public □ Private □ Planned and approved sewer system, but not connected</td>
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<td>Name of Provider</td>
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<td>203. Are you aware of any past or present problems with the sewer? Explain:</td>
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<td>204. Is the Property served by an On-Site Wastewater Treatment Facility? (If no, skip to line 217.)</td>
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<td>If yes, the Facility is: □ Conventional septic system □ Alternative system; type:</td>
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<td>205. If yes, the Facility is: □ Conventional septic system □ Alternative system; type:</td>
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</tbody>
</table>

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What other material (important) information are you aware of concerning the Property that might affect the buyer's decision-making process, the value of the Property, or its use? Explain:

217.  
218.  
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SELLER CERTIFICATION: Seller certifies that the information contained herein is true and complete to the best of Seller's knowledge as of the date signed. Seller agrees that any changes in the information contained herein will be disclosed in writing by Seller to Buyer prior to Close of Escrow, including any information that may be revealed by subsequent inspections.

SELLER MO/DA/YR  SELLER MO/DA/YR

Reviewed and updated: Initials:

BUYER'S ACKNOWLEDGEMENT: Buyer acknowledges that the information contained herein is based only on the Seller's actual knowledge and is not a warranty of any kind. Buyer acknowledges Buyer's obligation to investigate any material (important) facts in regard to the Property. Buyer is encouraged to obtain Property inspections by professional independent third parties and to consider obtaining a home warranty protection plan.

BUYER MO/DA/YR  BUYER MO/DA/YR

NOTICE: Buyer acknowledges that by law, Sellers, Lessors and Brokers are not obligated to disclose that the Property is or has been: (1) the site of a natural death, suicide, homicide, or any other crime classified as a felony; (2) owned or occupied by a person exposed to HIV, diagnosed as having AIDS or any other disease not known to be transmitted through common occupancy of real estate; or (3) located in the vicinity of a sex offender.

By signing below, Buyer acknowledges receipt only of this SPDS. If Buyer reasonably disapproves of any items provided herein, Buyer shall deliver to Seller written notice of the items disapproved as provided in the Contract.

BUYER MO/DA/YR  BUYER MO/DA/YR

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AZCO Properties