

Home Inspection and Your Real Estate Transaction

254 7. Inspections.

255 A. **Buyer's Right to Make Inspection(s).** All inspections/reports, including but not limited to the home inspection
256 report, those required/recommended in the home inspection report, Wood Destroying Insect Infestation
257 Inspection Report, septic inspection and well water test, are to be made at Buyer's expense, unless otherwise
258 stipulated in this Agreement. The parties hereto agree that in the event Buyer shall elect to contract with a third-
259 party inspector to obtain a "Home Inspection" as defined by Tennessee law, said inspection shall be conducted by a
260 licensed Home Inspector. However, nothing in this section shall preclude Buyer from conducting any inspections on
261 his/her own behalf, nor shall it preclude Buyer from retaining a qualified (and if required by law, licensed) professional
262 to conduct inspections of particular systems or issues within such professional's expertise or licensure, including but
263 not limited to inspection of the heating/cooling systems, electrical systems, foundation, etc., so long as said
264 professional is not in violation of Tenn. Code Ann. § 62-6-301, et seq. as may be amended. **Seller shall cause all
265 utility services and any pool, spa, and similar items to be operational so that Buyer may complete all inspections
266 and tests under this Agreement.** Buyer agrees to indemnify Seller from the acts of himself, his inspectors and/or
267 representatives in exercising his rights under this Purchase and Sale Agreement. Buyer's obligations to indemnify
268 Seller shall also survive the termination of this Agreement by either party, which shall remain enforceable. **Buyer
269 waives any objections to matters of purely cosmetic nature (e.g. decorative, color or finish items) disclosed by
270 inspection. Buyer has no right to require repairs or alterations purely to meet current building codes, unless
271 required to do so by governmental authorities.**

272 B. **Initial Inspections.** Buyer and/or his inspectors/representatives shall have the right and responsibility to enter the
273 Property during normal business hours, for the purpose of making inspections and/or tests of the Property. Buyer
274 and/or his inspectors/representatives shall have the right to perform a visual analysis of the condition of the Property,
275 any reasonably accessible installed components, the operation of the Property's systems, including any controls
276 normally operated by Seller including the following components: heating systems, cooling systems, electrical systems,
277 plumbing systems, structural components, foundations, roof coverings, exterior and interior components, any other
278 site aspects that affect the Property, and environmental issues (e.g. radon, mold, asbestos, etc.).

279 C. **Wood Destroying Insect Infestation Inspection Report.** If desired by Buyer or required by Buyer's Lender, it shall
280 be Buyer's responsibility to obtain *at Buyer's expense* a Wood Destroying Insect Infestation Inspection Report (the
281 "Report"), which shall be made by a Tennessee licensed and chartered pest control operator.

282 **The foregoing expense may be subject to governmental guidelines relating to VA Loans (See VA/FHA Loan
283 Addendum if applicable).**

284 The inspection shall include each dwelling, garage, and other permanent structure on the Property excluding
285 _____ for evidence of active infestation and/or damage.

286 Buyer shall cause such Report to be delivered to Seller simultaneously with any repairs requested by the Buyer or the
287 end of the Inspection Period, whichever is earlier. If the Report indicates evidence of active infestation, Seller agrees
288 to treat infestation at Seller's expense and provide documentation of the treatment to Buyer prior to Closing. Requests
289 for repair of damage, if any, should be addressed in the Buyer's request for repairs pursuant to Subsection 8.D., Buyer's
290 Inspection and Resolution below.

291 **D. Buyer's Inspection and Resolution.** Within _____ days after the Binding Agreement Date ("Inspection Period"),
292 Buyer shall cause to be conducted any inspection provided for herein, including but not limited to the Wood
293 Destroying Insect Infestation Inspection Report AND shall provide written notice of such to Seller as described below.
294 *In the event Buyer fails to timely make such inspections and respond within said timeframe as described herein,*
295 *the Buyer shall have forfeited any rights provided under this Section 7, and in such case shall accept the Property*
296 *in its current condition, normal wear and tear excepted.*

297 **In said notice Buyer shall either:**

298 (1) In consideration of Buyer having conducted Buyer's good faith inspections as provided for herein, the
299 sufficiency of such consideration being hereby acknowledged, Buyer shall furnish Seller with a list of written
300 specified objections and immediately terminate this Agreement via the Notification form or equivalent
301 written notice. All Earnest Money/Trust Money shall be returned to Buyer upon termination.

302 **OR**

303 (2) accept the Property in its present "AS IS" condition with any and all faults and no warranties expressed or
304 implied via the Notification form or equivalent written notice. Seller has no obligation to make repairs.

305 **OR**

306 (3) furnish Seller a written list of items which Buyer requires to be repaired and/or replaced with like quality or
307 value in a professional and workmanlike manner. Seller shall have the right to request any supporting
308 documentation that substantiates any item listed.

309 a. Resolution Period. Seller and Buyer shall then have a period of _____ days following receipt of
310 the above stated written list ("Resolution Period") to reach a mutual agreement as to the items to be
311 repaired or replaced with like quality or value by Seller, which shall be evidenced by the Repair /
312 Replacement Amendment or written equivalent(s). *The parties agree to negotiate repairs in good*
313 *faith during the Resolution Period.* In the event Seller and Buyer do not reach a mutual written
314 resolution during such Resolution Period or a mutually agreeable written extension thereof as
315 evidenced in an Amendment to this Agreement signed by both parties within said period of time,
316 this Agreement is hereby terminated. If terminated, Buyer is entitled to a refund of the Earnest
317 Money/Trust Money.

318 **E. Waiver of All Inspections. THIS BOX MUST BE CHECKED TO BE PART OF THIS AGREEMENT.**
319 **Buyer, having been advised of the benefits of inspections, waives any and all Inspection Rights under this**
320 **Section 7 (including but not limited to the Wood Destroying Insect Infestation Inspection Report).**

Additionally...

327 **9. Buyer's Additional Due Diligence Options.** If any of the matters below are of concern to Buyer, Buyer should address
328 the concern by specific contingency in the Special Stipulations Section of this Agreement.

329 **A. Survey and Flood Certification.** Survey Work and Flood Certifications are the best means of identifying boundary
330 lines and/or encroachments and easements or flood zone classifications. Buyer may obtain a Mortgage Inspection or
331 Boundary Line Survey and Flood Zone Certifications.

332 **B. Insurability.** Many different issues can affect the insurability and the rates of insurance for property. These include
333 factors such as changes in the Flood Zone Certifications, changes to the earthquake zones maps, the insurability of the
334 buyer, and previous claims made on the Property. It is the right and responsibility of Buyer to determine the
335 insurability, coverage and the cost of insuring the Property. It is also the responsibility of Buyer to determine whether
336 any exclusions will apply to the insurability of said Property.

337 **C. Water Supply.** The system may or may not meet state and local requirements. It is the right and responsibility of
338 Buyer to determine the compliance of the system with state and local requirements. [For additional information on
339 this subject, request the "Water Supply and Waste Disposal Notification" form.]

340 **D. Waste Disposal.** The system may or may not meet state and local requirements. It is the right and responsibility of
341 Buyer to determine the compliance of the system with state and local requirements. In addition, Buyer may, for a fee,
342 obtain a septic system inspection letter from the Tennessee Department of Environment and Conservation, Division
343 of Ground Water Protection. [For additional information on this subject, request the "Water Supply and Waste
344 Disposal Notification" form.]

345 **E. Title Exceptions.** At Closing, the general warranty deed will be subject to subdivision and/or condominium
346 declarations, covenants, restrictions and easements of record, which may impose obligations and may limit the use of
347 the Property by Buyer.

TN Code Annotated: 62-6-302

(3)

(A) "Home inspection" means a visual analysis for the purpose of providing a professional opinion of the condition of a residential building, ancillary buildings, any reasonably accessible installed components and the operation of the building's systems, including any controls normally operated by the owner of the building, for the following components:

- (i) Heating systems;
- (ii) Cooling systems;
- (iii) Electrical systems;
- (iv) Plumbing systems;
- (v) Structural components;
- (vi) Foundations;
- (vii) Roof coverings;
- (viii) Exterior and interior components; and
- (ix) Any other site aspects that affect the residential dwelling;

(B) "Home inspection" does not mean a compliance inspection for building codes or any other codes adopted by this state or a political subdivision of this state. "Home inspection" does not mean any work that is within the scope of practice of architecture, engineering or landscape architecture or is performed by a person qualified to use the title "registered interior designer," all as defined in chapter 2 of this title. "Home inspection" also does not mean an inspection or assessment by a lender, either as a part of an evaluation of value or for purposes of determining whether or not to extend credit; provided, that that inspection or assessment shall not be represented as a "home inspection report";

(D) A statement that the report does not address environmental hazards, including:

- (i) Lead-based paint;
- (ii) Radon;
- (iii) Asbestos;
- (iv) Cockroaches;
- (v) Rodents;
- (vi) Pesticides;
- (vii) Treated lumber;
- (viii) Fungus;
- (ix) Mercury;
- (x) Carbon monoxide; or
- (xi) Other similar environmental hazards;

(E) A statement that the report does not address wood destroying insects and organisms; and

(F) A statement that the report does not address subterranean systems or system components, operational or nonoperational, including:

- (i) Sewage disposal;
- (ii) Water supply; or
- (iii) Fuel storage or delivery;