



CALIFORNIA REAL ESTATE INSPECTION ASSOCIATION
STANDARD COMMERCIAL INSPECTION AGREEMENT
(PLEASE READ CAREFULLY, THIS IS INTENDED TO BE A LEGALLY BINDING CONTRACT)

Client Name: _____
Inspection Address: _____
Report #: _____

Date: _____
Time: _____

SCOPE OF THE INSPECTION: A commercial building inspection is a noninvasive, visual survey and basic operation of the accessible systems and components of a building, to identify conditions that have a significant negative effect on the value, or desirability of the building(s) and to identify issues that Client should further investigate prior to the release of any contingencies.

Inspector will prepare and provide Client a report for the sole use and benefit of Client. Except as otherwise provided herein, the report shall document any material defects discovered in the building's systems and components which, in the opinion of the Inspector, are not functioning properly, or appear to be at the ends of their service lives

The inspection shall be performed in accordance with the Commercial Standards of Practice of the California Real Estate Inspection Association (CREIA®), attached hereto and incorporated herein by reference, and is limited to those items specified herein.

CLIENT'S DUTY: Client understands and accepts that an inspection and report in accordance with this Agreement is intended to reduce, but cannot eliminate, the uncertainty regarding the condition of the property. Client is responsible to review the permit history and research any legal actions or insurance claims involving the property. Investigating the property, neighborhood and area are also recommended.

Client agrees to read the entire written report when it is received and promptly contact Inspector with any questions or concerns regarding the inspection or the written report. The written report shall be the final and exclusive findings of Inspector.

Client acknowledges that Inspector is a generalist and that further investigation of a reported condition by an appropriate specialist may provide additional information which can affect Client's purchase decision. Client agrees to obtain further evaluation of reported conditions before removing any investigation contingency and prior to the close of the transaction.

In the event Client becomes aware of a reportable condition which was not reported by Inspector, Client agrees to promptly notify Inspector and allow Inspector and/or Inspector's designated representative(s) to inspect said condition(s) prior to making any repair, alteration, or replacement. Client agrees that any failure to so notify Inspector and allow inspection is a material breach of this Agreement.

ENVIRONMENTAL CONDITIONS: Client agrees what is being contracted for is a building inspection and not an environmental evaluation. The inspection is not intended to detect, identify, or disclose any health or environmental conditions regarding this building or property, including, but not limited to: the presence of asbestos, radon, lead, urea-formaldehyde, *wood destroying organisms*, fungi, molds, mildew, feces, urine, vermin, pests, or any animal or insect, "Chinese drywall", PCBs, or other toxic, reactive, combustible, or corrosive contaminants, materials, or substances in the water, air, soil, or building materials. The Inspector is not liable for injury, health risks, or damage caused or contributed to by these conditions.

SEVERABILITY: Should any provision of this Agreement be held by an arbitrator or court of competent jurisdiction to be either invalid or unenforceable, the remaining provisions of this Agreement shall remain in full force and effect, unimpaired by the court's holding.

MEDIATION: If a dispute arises out of or relates to this Agreement, the alleged breach thereof, or any alleged torts, and if the dispute cannot be settled through negotiation, the parties agree to try in good faith to settle the dispute by mediation administered by a mutually agreed upon neutral, third-party mediator and according to the rules and procedures designated by the mediator, before resorting to further litigation.

ARBITRATION OF DISPUTES: Any dispute concerning the interpretation or enforcement of this Agreement, the inspection, the inspection report, or any other dispute arising out of this relationship, shall be resolved between the parties by **BINDING ARBITRATION** conducted by _____

_____ utilizing their Rules and Procedures, which can be viewed on its website. The parties hereto shall be entitled to all discovery rights and legal motions as provided in the California Code of Civil Procedure and serving discovery shall not be deemed a waiver of the right to compel arbitration. The decision of the Arbitrator shall be final and binding and judgment on the Award may be entered in any Court of competent jurisdiction. The Parties understand and agree that they are waiving their right to a jury trial.

Initiation of binding arbitration or court action, whether based in tort, contract, or equity, must be made no more than one year from the date of inspection.

LIMITATION ON LIABILITY: THE PARTIES UNDERSTAND AND AGREE THAT INSPECTOR'S MAXIMUM CUMULATIVE LIABILITY FOR, (A) ACTUAL AND ALLEGED ERRORS OR OMISSIONS IN THE INSPECTION OR THE INSPECTION REPORT, (B) ANY BREACH OF THIS AGREEMENT, AND (C) ALL OTHER LOSSES, CLAIMS, LIABILITIES OR CAUSES OF ACTION, WHETHER SOUNDING IN TORT OR CONTRACT WHICH ARISES FROM OR RELATES TO THIS AGREEMENT, IS LIMITED TO 3 TIMES THE INSPECTION FEE PAID. CLIENT SPECIFICALLY ACKNOWLEDGES THAT INSPECTOR IS NOT AN INSURER, AND IS NOT RESPONSIBLE FOR ANY REPAIRS, WHETHER DISCOVERED OR NOT, THAT MUST BE MADE. CLIENT ASSUMES THE RISK OF ALL LOSSES IN EXCESS OF THIS LIMITATION OF LIABILITY.

GENERAL PROVISIONS: The report is not a substitute for any transferor's or agent's disclosure that may be required by law, or a substitute for Client's independent duty to reasonably evaluate the property prior to the close of the transaction. This inspection Agreement, the inspection, and the report do not constitute a warranty, guarantee, or insurance policy of any kind whatsoever.

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their heirs, successors, and assigns.

This Agreement, including the attached CREIA Commercial Standards of Practice, constitutes the entire integrated agreement between the parties hereto pertaining to the subject matter hereof and may be modified only by a written agreement signed by all of the parties hereto. No oral agreements, understandings, or representations shall change, modify, or amend any part of this Agreement.

Each party signing this Agreement warrants and represents that he/she has the full capacity and authority to execute this Agreement on behalf of the named party. If this Agreement is executed on behalf of Client by any third party, the person executing this Agreement expressly represents to Inspector that he/she has the full and complete authority to execute this Agreement on Client's behalf and to fully and completely bind Client to all of the terms, conditions, limitations, exceptions, and exclusions of this Agreement.

Client acknowledges having read and understood all the terms, conditions, and limitations of this Agreement and voluntarily agrees to be bound thereby and to pay the fee listed herein. Client understands that the inspection fee stated is for the initial inspection and report. Client agrees to pay for the inspector's time for any reinspection or meetings with third parties at the hourly rate of \$_____ per hour, including travel time. Client agrees to pay for the inspector's time to participate in any legal or administrative proceeding at the hourly rate of \$_____ per hour. This includes time for depositions, research, and court or other appearances.

Inspector for Company _____ Date _____

Client (One signature binds all) _____ Date _____

Total Fee \$_____ Paid by: Check # _____

Payment acknowledged: _____

CALIFORNIA REAL ESTATE INSPECTION ASSOCIATION Commercial Standards of Practice

Part I. Definitions and Scope.

These Standards of Practice provide guidelines for a *commercial building inspection* and define certain terms relating to these *inspections*. Italicized words in these Standards are defined in Part IV, Glossary of Terms.

- A. A *commercial building inspection* is a noninvasive visual survey and basic *operation* of the *systems* and *components* of a *building* which can be reached, entered, or viewed without difficulty, moving obstructions, or requiring any action which may result in damage to the property or personal injury to the *Inspector*. The purpose of the *inspection* is to provide the Client with information regarding the general *condition* of the *building(s)* to assist client in determining what further evaluation, inspection, and repair estimates Client should perform or obtain prior to the release of contingencies.
- B. A *commercial building inspection* report provides documentation of material defects discovered in the *inspected building's* *systems* and *components* which, in the opinion of the *Inspector*, are not *functioning* properly, or appear to be at the ends of their service lives. The report may include the *Inspector's* recommendations for correction or further evaluation.
- C. All further evaluation, inspection, and repair work needs to be provided by competent and qualified professionals who are licensed and/or certified.
- D. Client should consider all available information when negotiating regarding the Property.
- E. Inspections performed in accordance with these Standards of Practice are not technically exhaustive.
- F. Cosmetic and aesthetic conditions shall not be considered.
- G. A Commercial Building Inspection includes any residential property of five units or more.

Part II. Standards of Practice

A *commercial building inspection* includes the *readily accessible systems* and *components*, or a *representative number* of multiple similar *components* listed in Sections 1 through 9 subject to the limitations, exceptions, and exclusions in Part III.

SECTION 1 - Foundation, Basement, and Under-floor Areas

- A. Items to be *inspected*:
 - 1. Foundation *system*
 - 2. Floor framing *system*
 - 3. Under-floor ventilation
 - 4. Foundation anchoring and cripple wall bracing
 - 5. Wood separation from soil
 - 6. Insulation
- B. The *Inspector* is not required to:
 - 1. *Determine* size, spacing, location, or adequacy of foundation bolting/bracing *components* or reinforcing *systems*
 - 2. *Determine* the composition or energy rating of insulation materials

SECTION 2 - Exterior

- A. Items to be *inspected*:
 1. Surface grade directly adjacent to the *buildings*
 2. Doors and windows
 3. Attached decks, porches, patios, enclosures, balconies, stairways and their enclosures
 4. Wall cladding and trim
 5. Portions of walkways and driveways that are adjacent to the *buildings*
- B. The *Inspector* is not required to:
 1. *Inspect* door or window screens, shutters, awnings, or security bars
 2. *Inspect* fences or gates or *operate* automated door or gate openers or their safety *devices*
 3. Use a ladder to *inspect systems* or *components*

SECTION 3 - Roof Covering

- A. Items to be *inspected*:
 1. Covering
 2. Drainage
 3. Flashings
 4. Penetrations
 5. Skylights
- B. The *Inspector* is not required to:
 1. Walk on the roof surface if in the opinion of the *Inspector* there is risk of damage or a *hazard* to the *Inspector*
 2. Warrant or certify that roof *systems*, coverings, or *components* are free from leakage

SECTION 4 - Attic Areas and Roof Framing

- A. Items to be *inspected*:
 1. Framing
 2. Ventilation
 3. Insulation
- B. The *Inspector* is not required to:
 1. *Inspect* mechanical attic ventilation *systems* or *components*
 2. *Determine* the composition or energy rating of insulation materials
 3. *Determine* if attic separation walls comply to standards.

SECTION 5 - Plumbing

- A. Items to be *inspected*:
 1. Water supply piping
 2. Drain, waste, and vent piping
 3. Faucets, toilets, sinks, tubs, showers
 4. Fuel gas piping
 5. Water heaters
- B. The *Inspector* is not required to:
 1. Fill any *fixture* with water, *inspect* overflow drains or drain-stops, or evaluate backflow *devices*, waste ejectors, sump pumps, or drain line cleanouts
 2. *Inspect* or evaluate water temperature balancing *devices*, temperature fluctuation, time to obtain hot water, water circulation, or solar heating *systems* or *components*
 3. *Inspect* whirlpool baths, steam showers, or sauna *systems* or *components*
 4. *Inspect* fuel tanks or *determine* if the fuel gas *system* is free of leaks
 5. *Inspect* wells, private water supply or water treatment *systems*

SECTION 6 - Electrical

- A. Items to be *inspected*:
 1. Service equipment
 2. Electrical panels
 3. Circuit wiring
 4. Switches, receptacles, outlets, and lighting *fixtures*
- B. The *Inspector* is not required to:
 1. *Operate* circuit breakers or circuit interrupters
 2. Remove deadfront covers, light fixtures or cover plates
 3. *Inspect* de-icing *systems* or *components*
 4. *Inspect* onsite electrical generation or storage or emergency electrical supply *systems* or *components*

SECTION 7 – Heating and Cooling

- A. Items to be *inspected*:
 1. Heating equipment
 2. Central cooling equipment
 3. Energy source and connections
 4. Combustion air and exhaust vent *systems*
 5. Condensate drainage
 6. Conditioned air distribution *systems*
- B. The *Inspector* is not required to:
 1. *Inspect* heat exchangers or electric heating elements
 2. *Inspect* non-central air conditioning units or evaporative coolers
 3. *Inspect* radiant, solar, hydronic, or geothermal *systems* or *components*
 4. *Determine* volume, uniformity, temperature, airflow, balance, or leakage of any air distribution *system*
 5. *Inspect* electronic air filtering or humidity control *systems* or *components*
 6. *Determine* the presence or operational status of smoke dampers or alarms in duct systems.
 7. *Determine* adequacy of heating and cooling systems to provide comfort in the building.

SECTION 8 – Building Interior

- A. Items to be *inspected*:
 1. Walls, ceilings, and floors
 2. Doors and windows
 3. Stairways, handrails, and guardrails
 4. *Permanently installed* cabinets
 5. *Permanently installed* cook-tops, mechanical range vents, ovens, dishwashers, and food waste disposers
 6. Absence of smoke alarms
 7. Vehicle doors and openers
- B. The *Inspector* is not required to:
 1. *Inspect* window, door, or floor coverings
 2. *Inspect* above panelized ceiling grid systems.
 3. *Determine* whether a *building* is secure from unauthorized entry
 4. *Operate* or test smoke alarms or vehicle door safety *devices*
 5. Use a ladder to *inspect systems* or *components*
 6. *Determine* compliance for fire egress, egress lighting or exit signage

SECTION 9 - Fireplaces and Chimneys (Optional)

- A. Items to be *inspected*:
 1. Chimney exterior
 2. Spark arrestor
 3. Firebox
 4. Damper
 5. Hearth extension
- B. The *Inspector* is not required to:
 1. *Inspect* chimney interiors
 2. *Inspect* fireplace inserts, seals, or gaskets
 3. *Operate* any fireplace or *determine* if a fireplace can be safely used

Part III. Limitations, Exceptions, and Exclusions

- A. The following are excluded from a *real estate inspection*:
1. *Systems or components of a building, or portions thereof, which are not readily accessible, not permanently installed, or not inspected due to circumstances beyond the control of the Inspector or which the Client has agreed or specified are not to be inspected*
 2. *Site improvements or amenities, including, but not limited to; accessory buildings, fences, planters, landscaping, irrigation, swimming pools, spas, ponds, waterfalls, fountains or their components or accessories*
 3. *Auxiliary features of appliances beyond the appliance's basic function*
 4. *Systems or components, or portions thereof, which are under ground, under water, or where the Inspector must come into contact with water*
 5. *Common areas as defined in California Civil Code section 1351, et seq., and any systems or components located in common areas*
 6. *Deficiencies that fall within the scope of routine maintenance*
 7. *Determining compliance with manufacturers' installation guidelines or specifications, building codes, accessibility standards, conservation or energy standards, regulations, ordinances, easements, setbacks, covenants, or other restrictions*
 8. *Determining adequacy, efficiency, suitability, quality, age, or remaining life of any building, system, or component, or marketability or advisability of purchase*
 9. *Structural, architectural, geological, environmental, hydrological, land surveying, or soils-related examinations*
 10. *Acoustical or other nuisance characteristics of any system or component of a building, complex, adjoining property, or neighborhood*
 11. *Wood Destroying Organisms (WDO) including termites or any insect, as well as rot or any fungus, that damage wood. Under California law, only an inspector licensed by the Structural Pest Control Board is qualified or authorized to inspect for any rot or termite activity or damage. **You are advised to obtain a current WDO report and must rely on that report for any potential rot or termite activity and recommendations for repair.***
 12. *Risks associated with events or conditions of nature including, but not limited to; geological, seismic, wildfire, and flood*
 13. *Water testing any building, system, or component or determine leakage in shower pans, pools, spas, or any body of water*
 14. *Determining the integrity of hermetic seals or reflective coatings at multi-pane glazing*
 15. *Differentiating between original construction or subsequent additions or modifications*
 16. *Reviewing or interpreting information or reports from any third-party, including but not limited to; permits, disclosures, product defects, construction documents, litigation concerning the Property, recalls, or similar notices*
 17. *Specifying repairs/replacement procedures or estimating cost to correct*
 18. *Fire extinguishing and suppression systems and components or determining fire resistive qualities of materials or assemblies*
 19. *Elevators, lifts, and dumbwaiters*
 20. *Signage*
 21. *Lighting pilot lights or activating or operating any system, component, or appliance that is shut down, unsafe to operate, or does not respond to normal user controls*
 22. *Operating shutoff valves or shutting down any system or component*
 23. *Dismantling any system, structure or component or removing access panels*

- B. The *Inspector* may, at his or her discretion:
1. *Inspect any building, system, component, appliance, or improvement not included or otherwise excluded by these Standards of Practice. Any such inspection shall comply with all other provisions of these Standards.*
 2. *Include photographs in the written report or take photographs for Inspector's reference without inclusion in the written report. Photographs may not be used in lieu of written documentation.*
 3. *Inspect fireplaces.*

IV. Glossary of Terms

*Note: All definitions apply to derivatives of these terms when italicized in the text.

Appliance: An item such as an oven, dishwasher, heater, etc. which performs a specific function

Building: The subject of the inspection

Commercial Building Inspection: Refer to Part I, 'Definitions and Scope', Paragraph A

Component: A part of a system, appliance, fixture, or device

Condition: Conspicuous state of being

Determine: Arrive at an opinion or conclusion pursuant to a commercial building inspection

Device: A component designed to perform a particular task or function

Fixture: A plumbing or electrical component with a fixed position and function

Function: The normal and characteristic purpose or action of a system, component, or device

Inspect: Refer to Part I, 'Definition and Scope', Paragraph A

Inspector: One who performs a commercial building inspection

Normal User Control: Switch or other device that activates a system or component and is provided for use by an occupant of a building

Operate: Cause a system, appliance, fixture, or device to function using normal user controls

Permanently Installed: Fixed in place, e.g. screwed, bolted, nailed, or glued

Primary Building: A building that an Inspector has agreed to inspect

Readily Accessible: Can be reached, entered, or viewed without difficulty, moving obstructions, or requiring any action which may harm persons or property

Representative Number: Example, an average of one component per area for multiple similar components such as windows, doors, and electrical outlets

Shut Down: Disconnected or turned off in a way so as not to respond to normal user controls

System: An assemblage of various components designed to function as a whole

Technically Exhaustive: Examination beyond the scope of a real estate inspection, which may require disassembly, specialized knowledge, special equipment, measuring, calculating, quantifying, testing, exploratory probing, research, or analysis



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