

Contract for Services

JFM Inspections, Inc.
34 Manchester Road
Sewell, NJ 08080

Client: Jane Doe
Inspection Location: 123 Any Street,
Anytown, NJ 08000
Date and Time: April 1, 2004 @ 9 AM

WHAT A HOME INSPECTION INCLUDES: A home inspection is a visual, functional, non-invasive (without moving personal property, furniture, equipment, plants, soil, snow, ice or debris), inspection conducted using the mandatory equipment and including the preparation of a home inspection report of the readily-accessible elements of the following components of a residential building: structural components, exterior components, roofing system, plumbing system, electrical system, heating system, cooling system, interior components, insulation components and ventilation system, fireplaces and solid fuel burning appliances, or any other related residential housing component, excluding recreational facilities and outbuildings other than garages or carports to determine if MATERIAL DEFECTS exist.

SCOPE OF WORK PERFORMED: CLIENT hereby engages JFM (the term JFM throughout this Contract refers to JFM Inspections, Inc.'s agents, employees, subcontractors or officers) to perform a home inspection to the standards of practice of N.J.A.C. 13:40-15. Comments on items that exceed the minimum regulatory standard are for CLIENTS information; they are NOT part of the inspection. Should CLIENT desire an inspection that exceeds the State standards, such an inspection is available for an additional charge to be negotiated. Home Inspectors are governed by the rules contained at N.J.A.C. 13:40-15, failure to comply with the rules may subject the licensee to disciplinary action.

RIGHT OF ENTRY, CLIENT PARTICIPATION AND INSPECTION: CLIENT warrants CLIENT or CLIENT'S agent have made all necessary arrangements with the selling party for JFM to enter and inspect the property. The CLIENT is encouraged to participate in the inspection; JFM shall have no liability for personal injury, property damage or any other damage resulting from CLIENT'S participation in, or attendance at, the home inspection.

HIDDEN AND LATENT DAMAGES: Prior to the expiration of your inspection contingency period, all areas requiring invasive or destructive testing must be made accessible. Accessed, invasively or destructively tested and professionally inspected; all areas not accessed, not entered, inaccessible, not traversed, or restricted access must be made accessible, accessed and professionally, or CLIENT accepts open-ended risks. Under no circumstances will JFM perform invasive or destructive testing.

NON-EXHAUSTIVE LIMITATIONS ON HOME INSPECTIONS: As allowed by N.J.A.C. 13:40-15.16 the inspector will not: enter any area or perform any procedure which is, in the opinion of the home inspector, unsafe and likely to be dangerous to the inspector or other persons, enter any area or perform any procedure which will, in the opinion of the home inspector, likely damage the property or its systems or components, enter any area which does not have at least 24" or unobstructed vertical clearance and at least 30" of unobstructed horizontal clearance, identify concealed conditions and latent defects, determine life expectancy of any system or component, determine the cause of any condition or deficiency, determine future conditions that may occur including failure of systems and components including consequential damage; determine the operating costs of systems or components. Determine the suitability of the property for any specialized use, determine compliance with codes, regulations and/or ordinances; determine market value of the property or its marketability; determine advisability of purchase of the property; determine the presence of any potentially hazardous plants, animals, diseases, suspected hazardous substances, or adverse conditions such as mold, fungus, toxins, carcinogens, noise and contaminants in soil, water, and air; determine the effectiveness of any system or method utilized to control or remove suspected hazardous substances, operate shut-off valves; determine whether water supply and waste disposal systems are public or private; insert any tool, probe or testing devise inside electrical panels; dismantle and electrical devise or control other than to remove the covers of main and sub panels, walk on unfloored sections of attics; light pilot flames, ignite or extinguish fires.

THE HOME INSPECTOR WILL NOT: Inspect for the presence or absence of birds, animals, rodents, wood destroying insects, insects or underground tanks or wells, or damage caused by animals,

rodents, wood destroying insects, insects, conduct efficiency measurement of insulation or heating and cooling equipment; determine the condition of internal or external underground drainage or plumbing, concealed wiring, telephone systems, intercoms, security systems, cantilevers, water or sewer lines, chimney flues, lawn and fire sprinklers, water wells (water quality and quantity). In addition, the following items are outside the scope of the home inspection and are not included in the home inspection: Building code, zoning, or local ordinance violations, geological stability of soils or soil conditions, structural stability or engineering analysis, asbestos, lead, radon, formaldehyde, electromagnetic radiation or any other environmental hazards, identification/categorization of molds/fungi/bacteria and interpretation of related hazards, such as allergies or illness, radio controlled devices, automatic gates, elevators, lifts, dumbwaiters and thermostatic or time clock controls, furnace heat exchangers, appliances, and the prediction of life expectancy of any item. Comments about the above listed items are for the CLIENTS information and do not represent and inspection. You are advised to obtain information from experts about the existence and condition of all the above listed items prior to expiration of your home inspection contingency.

UNFORESEEN CONDITIONS, WEATHER AND SAFETY: The weather and other unforeseen conditions existing on the day of the inspection will vary the scope of the work to be performed by JFM. JFM will return to inspect these areas of the property that could not be inspected for a fee of \$150. Systems may not be inspected due to weather or unforeseen conditions. Air conditioning equipment will not be evaluated, operated or inspected in cold weather where the average outdoor temperature is not above 65 degrees F. No area that poses a threat to the inspectors' safety will be inspected, including steep, slippery, or brittle roofs, or walk roofs not acceptable from a 20-foot extension ladder.

COST ESTIMATES: Prior to expiration of CLIENTS inspection contingency, CLIENT agrees to obtain cost estimates from reputable firms for the repair of MATERIAL DEFECTS and other concerns mentioned in the inspection. CLIENT agrees not to rely upon cost estimates provided by JFM.

WHAT IS A MATERIAL DEFECT: A condition, or functional aspect of a structural component or system that is readily ascertainable during a home

inspection substantially affecting the value, habitability or safety of the dwelling, excluding decorative, stylistic, cosmetic, or aesthetic aspects of the system, structure or component. The fact that a structural element, system or subsystem is near, at or beyond the end of its normal useful life is not by itself a MATERIAL DEFECT.

THE REPORT INCLUDES: JFM will provide the CLIENT with a report which discloses those systems and components which are designated for inspection pursuant to N.J.A.C. 13:40-15 and are present at the time of inspection, as well as those which are present at the time of the home inspection but are not inspected and the reason(s) they are not inspected, describes systems and components as specified in N.J.A.C 13:40-15 and states what MATERIAL DEFECTS are found in systems or components, states the significance of the findings; and provides recommendations regarding the need to repair, replace or monitor a system or component, or to obtain examination and analysis by a qualified professional, tradesman, or service technician.

PRE-SETTLEMENT: CLIENT accepts that this home inspection is no substitute for a pre-settlement inspection. Damages, symptoms, clues, mechanical failures, etc. may appear after the home inspection is performed and before closing. CLIENT agrees to conduct a PRE-SETTLEMENT inspection of the home as close as possible to the time of closing. JFM will attend the pre-settlement inspection for a \$150 fee to determine if conditions have changed between the time of the inspection and the time of closing. CLIENT waives any right to make a claim against JFM if CLIENT has not diligently performed a pre-settlement inspection or if CLIENT did not initiate more extensive investigation and follow through with specialists on all problems noted in the report.

WARRANTIES: JFM's Inspection and the inspection report are NOT a guarantee or warranty, expressed or implied, regarding the present or future condition of the building, present or future adequacy or performance of the structure, its systems, or their component parts. All warranties express and implied are expressly excluded by this contract.

THIRD PARTIES AND SUBORGATION: The Contract, inspection and inspection report are ONLY for the CLIENTS benefit. CLIENT agrees to protect, indemnify, defend and release JFM from liability against all third party claims or losses (including

costs and reasonable attorney's fees) brought against JFM which relate to this Contract, the inspection or the inspection report. This indemnification covers, without limitation to claims brought by any person or entity not a party to this Contract, claims brought by CLIENTS insurance company, claims brought by real estate agents or brokers, claims brought by sellers of the property, including cross claims for contribution and indemnification, claims arising under Contract, warranty, negligence, gross negligence or any other theory of liability.

LIMITATION OF LIABILITY: CLIENT agrees and understands that if JFM is found liable for any loss or damage due to negligence or the failure to perform obligations in this Contract, including the improper or negligent performance of the inspection or the improper or negligent reporting of conditions of the property, JFM's maximum liability shall be limited to twice (2 times) the fees paid to JFM for the inspection, and this liability shall be exclusive. This limitation of liability specifically covers liability for; damaged property, loss of use of the property, lost profits, consequential damages, special damages, incidental damages and governmental fines and charges. If requested by the CLIENT, JFM will assume greater liability, but only for an additional charge to be agreed upon by the CLIENT and JFM. If JFM and CLIENT so agree, it will be defined in a separate document.

TIME LIMIT AND REQUIREMENTS TO SUE: CLIENT must bring claims in a timely manner, (within one year after the date of this Contract). CLIENT must provide JFM the right to examine the subject matter and area of any claim within ten (10) days after discovery and prior to any remedial measures or repairs. If all the above provisions are not met, CLIENT waives the right to sue JFM and JFM has no liability.

ARBITRATION: Any controversy or claim arising out of, or relating to this Contract, the inspection or the inspection report shall be settled by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules.

Judgment of the award rendered by the arbitration panel may be entered in any court having jurisdiction hereof. All costs for the arbitration will be the full and sole responsibility of the person or entity bringing the claim. All arbitrators shall have knowledge of the home inspection industry and at least two members of the arbitration panel shall be members of the New Jersey Bar. In ascertaining the degree of care that would be used by a prudent home inspector, all arbitrators shall rely solely upon N.J.A.C. 13:40-15.

LEGAL FEES/OTHER EXPENSES: If either party makes a claim against the other for any error, omission or other action arising out of the work performed under this Contract and fails to prove all aspects of such claim, to the degree necessary to prevail at the Arbitration or any court or tribunal found to have jurisdiction over the Contractor or any controversies related to this Contract, home inspection or inspection report the party making the claim agrees to pay all attorney fees, arbitrator fees, expenses and costs uncured in the defense of the claim. CLIENT agrees to pay all of JFM's collection costs (legal fees & expenses).

SEVERABILITY & ENTIRE AGREEMENT: If any court or tribunal determines that any portion of this Contract is unenforceable, that tribunal shall enforce the remainder of the Contract as though the unenforceable portion did not exist. This Contract contains the entire agreement between the parties and it supersedes and previous oral or written agreement.

FEE: The following fees apply to this inspection:

Home Inspection: \$ _____

Radon Measurement Fee: \$ _____

Additional Fees: \$ _____

Total Inspection Fees: \$ _____

CLIENT agrees to pay all fees before or during the time of inspection by cash, money order, or personal check.

I hereby request a home inspection. I understand and accept all provisions of this Contract and HAVE READ ALL THREE (3) PAGES OF THIS CONTRACT IN ITS ENTIRETY. I understand I have the right to have my attorney review this Contract prior to my signing it. If for any reason this contract is not signed at the time of the inspection, the contract is considered accepted and approved by the Client upon receipt of the Inspection Summary and/or full Home Inspection Report without comment within three (3) days of receipt.

CLIENT Signature (page 3of 3) _____

Date signed: _____