

4.2 INVESTMENT PROPERTY ADDENDUM

- ▶ 1 **1. Property Address or Description:** _____
- ▶ 2 **2. Names of Parties to this Agreement:**
- | | |
|---------------|--------------|
| 3 Buyer _____ | Seller _____ |
| 4 Buyer _____ | Seller _____ |
| 5 Buyer _____ | Seller _____ |
| 6 Buyer _____ | Seller _____ |
- ▶ 7 **3. Investment Property.** Investment Properties are properties owned and operated for the purpose of generating income, rather than for use as a dwelling unit by the Buyer. This includes one-to-four family dwelling units, commercial properties, and multi-family units such as apartment complexes. This Addendum expands the Inspection and Investment Diligence Period for the purpose of assisting Buyer and Seller in disclosing financial and land use related information relevant to investment use of the Property.
- ▶ 11 **4. Investment Diligence Contingency.** Seller shall have **10 Business Days** or _____ **Business Days** after Mutual Acceptance (“Additional Disclosure Period”) to provide Buyer with all Additional Disclosures required in Section 11 of this Addendum, or to provide a Statement of Explanation for any Additional Disclosure Seller is unable to provide. Buyer may terminate the Sale Agreement **within 10 Business Days** after receiving all Additional Disclosures or sufficient Statements of Explanation required by this Addendum by delivering to Seller a signed **Form 5.3 Buyer’s Notice of Termination** stating the reason for Buyer’s disapproval (“Investment Diligence Period”). During the Investment Diligence Period, the Parties may negotiate for any repairs, corrections, or modifications to the Purchase Price that the Parties deem necessary. If Buyer terminates the Sale Agreement during the Investment Diligence Period, all Earnest Money shall be refunded to Buyer.
- ▶ 19 **5. Contingency Extension.** Buyer and Seller may agree in writing to an extension of the Additional Disclosure Period or the Investment Diligence Period. Buyer and Seller shall not unreasonably withhold approval of such extension if there are delays or obstacles encountered in collection of documents or information relevant to the investment use of the Property.
- ▶ 22 **6. Buyer’s Release of Investment Diligence Contingency.** If Buyer fails to deliver a termination statement to Seller within the Investment Diligence Period, Buyer will be deemed to have released Buyer’s right to terminate under the Investment Diligence Contingency.
- ▶ 25 **7. Professional Services; Additional Requests.** Real Estate Agents and Brokers are not qualified to research or render professional opinions on inspections, economic information, zoning and land use standards related to the Additional Disclosures. During the Investment Diligence Period, Buyer is encouraged to hire professionals to review, research, and assess any of the Additional Disclosures. Buyer may make inquiries into other information by making a written request of such information to Seller. Seller shall promptly respond to such request and provide the requested information or a Statement of Explanation.
- ▶ 30 **8. Costs.** Seller shall be responsible for all costs incurred by Seller in obtaining Additional Disclosure documents. Buyer shall be responsible for all costs incurred from separate professional services used to inquire into Additional Disclosure information and shall be responsible for all reasonable costs incurred in obtaining information requested outside the Additional Disclosures.
- ▶ 33 **9. Seller Failure to Provide Documents; Statement of Explanation.** If Seller is unable to provide all documents or has not collected documents for the number of years requested by Buyer in the Additional Disclosures section, Seller may provide Buyer with a written statement explaining why Seller is unable to comply with Buyer’s request (“Statement of Explanation”) or requesting additional time to provide the documents. If Seller fails to provide requested Additional Disclosure documents or a statement of explanation by the end of the Additional Disclosure Period, Buyer shall have **2 Business Days** after the end of the Additional Disclosure Period to provide Seller with a **Form 5.3 Buyer’s Notice of Termination** stating Seller’s failure to provide the Additional Disclosure documents and Earnest Money shall be refunded to Buyer.
- ▶ 40 **10. Confidentiality.** Seller shall redact all personally identifying information. All documents and written Additional Disclosure information provided to Buyer shall be deemed to be confidential for all purposes. If the Sale Agreement is terminated, expires or closes, Buyer shall promptly return all Additional Disclosure documents and shall destroy all copies, notes or records derived from the Additional Disclosure documents. If Buyer discloses or causes to be disclosed any information that is deemed confidential, Buyer may be responsible for damages suffered by Seller. Parties may agree to waive all or some of this confidentiality provision in a separate written document, signed by both parties.
- ▶ 46 **11. Additional Disclosures.** Buyer requests the following information and documents from Seller:
- ▶ 47 **A. Rental Information**



- 48 List of current rental tenant names, addresses, security deposits, delinquencies, maintenance requests and complaints.
- 49 Delinquency Reports for past 6 years.
- 50 Copies of all versions of the Rental Agreement currently in use with Tenants. [Mark the most recent version]
- 51 List of all security, key, pet, and other deposits. [Note whether refundable or nonrefundable]
- 52 Copies of or access to all leases, Rental Agreements, and tenant files for the past 6 years.
- 53 Information related to any regional transient lodging taxes or rental taxes.

54 **B. Financial Information**

- 55 All bills related to the Property that will either be pending or unpaid at Closing.
- 56 All profit and loss statements and balance sheets for the past 6 years.
- 57 Copies of the past 6 years property tax statements and assessments.
- 58 Business schedule returns or other tax forms related to the business for the past 6 years.
- 59 Current Accounts receivable and payable.
- 60 Copy of the current insurance policies.
- 61 List of all insurance claims made during the past 6 years.

62 **C. Property Information**

- 63 A list of all capital expenditures, renovations, repairs, or landscaping projects costing more than \$5,000.00 that were completed in the past 6 years.
- 64 Copies of Environmental reports and Wetland Delineation reports.
- 65 Copies of the most recent survey, plat, site plan, or site design.
- 66 Copies of the latest engineering report.
- 67 Floor plans, parking lot plan, and building plans.
- 68 Copy of latest appraisal.
- 69 Copies of all service, utility, maintenance, and employee contracts currently in use.
- 70 Documents related to any green certifications (LEED, Energy Star®, etc.)

72 **D. Legal Information**

- 73 Any notice from a government agency or municipality regarding Property's violation of law or code.
- 74 Operating permits and licenses.
- 75 Documents related to pending lawsuits or claims threatened or made (by or against the Property or Seller).
- 76 Documents related to Property's compliance with the Americans with Disability Act (plans, audits, notices, or certifications).
- 77 Zone and proof of compliance with zone requirements.
- 78 Documents related to legal conflict in Property's zoning status (Zone change notices, nonconforming use permits, etc.)
- 79 Fair Housing or Bureau of Labor and Industry claims or settlements.
- 80 All tenant estoppel certificates for all tenants.

81 **E. Business Information**

- 82 Name of employees and employee files.
- 83 Current payroll information.
- 84 Employee handbooks.
- 85 All employment contracts and employment agreements.
- 86 All independent contractor agreements currently in force.
- 87 All employment claims history related to the Property or any business operating out of the Property for the last 6 years.

88 **12. Assignment and Assumption.** By signing below, the Buyer and Seller agree to assign all of Seller's interest in any leases on the
89 Investment Property to Buyer upon successful Closing of Sale Agreement, and Buyer agrees to assume all rights, liabilities, and duties
90 therein related to the leases upon successful Closing of Sale Agreement. Buyer shall perform as if the leases had been executed by
91 Buyer. Upon execution of this Addendum, Seller shall Promptly notify Tenant of proposed assignment.
92 If Tenant has already paid rent on the most recent installment payment of the Lease, Seller shall credit to Buyer at Closing a pro-rata
93 share of that installment payment based on the number of days remaining in the installment payment period after Closing.

94 **13. By signing below, the Parties agree to the terms of this addendum and make it part of the above referenced Sale Agreement:**

95 Buyer: _____ Dated: _____ Seller: _____ Dated: _____
96 Buyer: _____ Dated: _____ Seller: _____ Dated: _____
97 Buyer: _____ Dated: _____ Seller: _____ Dated: _____
98 Buyer: _____ Dated: _____ Seller: _____ Dated: _____