COMMERCIAL SELLER ADVISORY

Document updated: February 2008



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. You may also be required to complete and record an affidavit of disclosure if selling property in an unincorporated area of a county.

"...you have a duty to disclose the information, regardless of whether or not you consider the information material."

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 a misrepresentation: 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® Commercial 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 fully as possible. Attach copies of any available supporting documentation 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 nine general sections:

(A) Ownership and Property:

This section asks for general information about the property such as location and ownership. Any seller should be able to answer most, if not all, of the questions in this section.

(B) Property Type:

This section indicates whether this is office, industrial, retail, etc.

(C) Utilities:

You are asked whether the property currently receives the listed utilities.

(D) Access/Use:

This section asks for any easement or restriction information governing the property.

(E) Compliance with Law/Legal Matters:

Zoning issues and any previous property violations are addressed here.

(F) Contractual Obligations:

This section asks what, if any, contractual obligations are attached to the property.

(G) Environmental Factors:

This section deals with the property and the area around it. What, if any, environmental factors such as noise, hazardous materials, etc. are addressed here.

(H) Reports/Studies:

If there have been any studies or reports made on this property, you will be asked to address them here.

(I) Material Physical Defects and Other Factors:

Any miscellaneous items not addressed elsewhere are addressed in this section.

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.



Document updated: February 2008



The pre-printed portion of this form has been drafted by the Arizona Association of REALTORS®. Any change in the pre-printed language of this form must be made in a prominent manner. No representations are made as to the legal validity, adequacy and/or effects of any provision, including tax consequences thereof. If you desire legal, tax or other professional advice, please consult your attorney, tax advisor or professional consultant.



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 environmental studies, CC&R's, association bylaws, surveys, title report or commitment, etc. (6) Obtain professional inspections of the Property. (7) Investigate the surrounding area. (8) Obtain such other professional advice as you deem necessary.

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

	A. 0\	WNER	RSHIP AND PROPERTY IDENTIFICATION	
1.	THIS I	DISCLO	OSURE CONCERNS THE FOLLOWING REAL PROPERTY:	
2.	Addre	ss	SAMPLE	,
3.	Citv		, County , AZ, Zip	
4.	Asses	sors No	o.(s) Approximate Year Built	
5.	Legal	Owner((s) Date Purchased	
6.	Owner	r 🗌 Is	s \square Is not occupying property. Owner \square Has \square Has not occupied the Property in the past.	
7.			RTY TYPE Industrial Retail Hotel/Motel/Resort Multi-family Other	
		TILITI		
8.			RTY IS SERVED BY THE FOLLOWING UTILITIES:	
	YES	NO	PROVIDER	
9.			Septic System SAMPLE	
10.			Sewer	
11.			Electric	
12.			Domestic Water Public Private	
13.			Well Registered ☐ Yes ☐ No If yes, Registration number:	
14.			If yes, complete and attach the Domestic Water Well/Water Use Addendum .	
15.			Fuel Supply Natural Gas Propane Other: Garbage/Waste Collection Public Private	
16. 17.			Fire Protection Public Private	
17.			Telephone	
19.			Irrigation	
20.			Cable TV	
21.			Satellite Dish	
22.			High Speed Internet Connection (Cable, T1, Fiber Optics, Etc.)	
23.			Other	
	Please	e descri	ribe any other items concerning utilities	
25.	. 10000	3 300011	any outer terms concerning duminos	>>

<Initials

Commercial Seller's Property Disclosure Statement (SPDS) Updated: February 2008 • Copyright © 2008 Arizona Association of RÉALTORS®. All rights reserved.

Initials>

SAMIPLE BUYER BUYER

	D. A	CCESS	/USE
26.	ARE Y	OU AW	ARE OF ANY OF THE FOLLOWING AFFECTING ACCESS OR USE OF THE PROPERTY?
27.			Encroachments
28.			Access Easements
29.			Utility Easements
30.			Unrecorded Easements
31.			Reciprocal Easement Agreement
32.			Restrictions on Legal or Physical Access
33.			Shared Use Agreements
34.			Use Permits
35.			Deed Restrictions
36.			Shared Fences/Walls
37.			Shared Driveways
38.			Shared Signage
39.			Leased Parking
40.			Grandfathered Uses
41.			Association Agreements
42.			Covenants, Conditions and Restrictions (CC&R's)
43.			Other (describe)
44.	If the a	answer to	o any of the preceding is yes, please explain. (Attach additional sheets if necessary).
45.			
46.			
47. 48. 49.			ANCE WITH LAW/LEGAL MATTERS ARE OF: Any legal actions such as condemnation, pending or anticipated, that affect the Property? Any tenant bankruptcy proceedings?
50.	Any v	iolation	of laws or regulations of the following:
51.			Zoning
52.			Building Code
53.			Occupational Safety and Health Administration (OSHA)
54.			Utility Service
55.			Sanitary Health Regulations
56.			Swimming Pools
57.			Covenants, Conditions and Restrictions (CC&R's)
58.			Americans With Disabilities Act (ADA)
59.			o any of the preceding is yes, please explain and provide copies of any documentation you have pertaining to such
60.		•	h additional sheets if necessary)
61.			
62.			
	F. CC	ONTRA	CTUAL OBLIGATIONS
63.	ARE Y	OU AW	ARE OF ANY OF THE FOLLOWING CONTRACTUAL OBLIGATIONS AFFECTING THE PROPERTY?
64.			Tenant Leases or Subleases
65.			Alarm/Security System Agreements
66.			Property Management Agreements
67.			Leased Equipment

Commercial Seller's Property Disclosure Statement (SPDS)
Updated: February 2008 • Copyright © 2008 Arizona Association of REALTORS®.
All rights reserved. Page 2 of 4

SAMPLE BUYER BUYER

Initials>

>>

SAMPLE

SELLER SELLER

	NO	Seller's Property Disclosure Statement (SPDS) >>
YES		Service Agreements such as Landscaping, Garbage/Waste Disposal
		Water Treatment Agreements
		Communications Systems or Cable System Agreements
		Other Equipment or Service Contracts or Agreements (describe)
If the	_	
ii iiie	answer ic	o any of the preceding is yes, please explain. (Attach additional sheets if necessary).
G F	NVIROI	NMENTAL FACTORS
		ARE OF ANY OF THE FOLLOWING ENVIRONMENTAL FACTORS AFFECTING THE PROPERTY?
YES	NO	ARE OF ART OF THE FOLLOWING ERVINONMENTAL FACTORS AFFECTING THE PROPERTY:
		Hazards or hazardous materials on the Property, such as asbestos; chemicals used in the manufacture of
		methamphetamine, LSD or Ecstasy; PCB transformers; dumps; pesticides; radon; oil or chemicals, now or in the past
		Fuel or insecticide storage tanks (above or underground) on the Property, now or in the past?
		Hazards or hazardous materials in close proximity to the Property, such as asbestos, dumps, pesticides, radon, oi
_		chemicals or underground fuel storage tanks, now or in the past?
		Location within an area currently of environmental concern, e.g., Superfund, Water Quality Assurance Revolving Fund (WQARI
		or Comprehensive Environmental Response Compensation and Liability Act (CERCLA) sites, etc.?
		Current or proposed noises, such as airports, freeways, or rail lines?
		Location within the vicinity of an airport (military, public or private)?
		Area odors, nuisances or pollutants?
		High voltage distribution towers or lines?
		Soil settlement, expansion, fissures or erosion now or in the past?
		NOTICE TO BUYER: THE ARIZONA DEPARTMENT OF REAL ESTATE PROVIDES EARTH FISSURE MAPS T ANY MEMBER OF THE PUBLIC IN PRINTED OR ELECTRONIC FORMAT UPON REQUEST AND ON ITS WEBSIT AT www.azre.gov.
		Situated on or near a sanitary landfill?
		Location in a flood plain/way?
	-	Water-caused damage?
		Mold growth or conditions conducive to mold?
		Drywell (drainage)? If yes, Registration #
If the	onewor t	o any of the preceding is yes, please explain and provide copies of any documentation you have pertaining to suc
1		o any of the preceding is yes, please explain and provide copies of any documentation you have pertaining to suc h additional sheets if necessary)
Descr	ribe any c	other known environmental factors that might affect the use or value of the Property
 Ruvar	re are adv	vised to obtain an independent environmental assessment of the Property.
Suyei	is ale auv	ised to obtain an independent environmental assessment of the Property.
		S/STUDIES
DO YO YES	OU HAVI	E ANY OF THE FOLLOWING ITEMS CONCERNING THE PROPERTY?
_		Soils Test Report
		Land Survey
		•
		Flood Plain Report
		Flood Plain Report Septic/Waste Disposal Reports/Certifications
		Flood Plain Report Septic/Waste Disposal Reports/Certifications Registrations of Wells
		Flood Plain Report Septic/Waste Disposal Reports/Certifications Registrations of Wells Any Environmental Site Assessments or Studies
		Flood Plain Report Septic/Waste Disposal Reports/Certifications Registrations of Wells Any Environmental Site Assessments or Studies Title Reports
		Flood Plain Report Septic/Waste Disposal Reports/Certifications Registrations of Wells Any Environmental Site Assessments or Studies Title Reports Other
If the	answer to	Flood Plain Report Septic/Waste Disposal Reports/Certifications Registrations of Wells Any Environmental Site Assessments or Studies Title Reports Other any of the preceding is yes, please explain and provide copies of any reports/studies you have pertaining to such
If the	answer to	Flood Plain Report Septic/Waste Disposal Reports/Certifications Registrations of Wells Any Environmental Site Assessments or Studies Title Reports Other

SAMPLE SELLER SELLER

<Initials

Updated: February 2008 • Copyright © 2008 Arizona Association of REALTORS®.

All rights reserved.

Initials>



		/ARE OF:	
YES	NO		
		Any structural, electrical, plumbing or other modifications made without necessary permits?	
		Any past or present roof leaks or other roof problems?	
		Any past or present insect infestation problems?	
Ц		Security lighting in parking and/or common areas?	
		Any recorded and/or unrecorded liens against the Property?	
		An archeological site on the Property?	
		The Property being located in a designated historical district?	
		Any insurance claim submitted on the Property?	
		Any proposed land use changes relating to the adjacent or nearby Property, such as: new developments, zoning	J
	_	changes, or land trades?	
		Any other material items on the Property or improvements and structures thereon that might affect the decision of	of a
		buyer to purchase/use the Property?	
		Any defects/problems with the heating, ventilating, air conditioning, plumbing, electrical, fire safety, security,	
		or lighting systems?	
the a	answer t	to any of the preceding is yes, please explain and provide copies of any documentation you have pertaining to such	1
ıatter	rs. (Atta	ch additional sheets if necessary).	
		RTIFICATION: Seller certifies that the information contained herein is true and complete to Seller's knowledge and Seller agrees that any material changes in the information contained herein will be disclosed by Seller to B	
f the rior to	date siç o Close	RTIFICATION: Seller certifies that the information contained herein is true and complete to Seller's knowledge gned. Seller agrees that any material changes in the information contained herein will be disclosed by Seller to B of Escrow. SIGNATURE	uye
of the orior to	date siç o Close LER'S S ER'S NA 3y: ts:	gned. Seller agrees that any material changes in the information contained herein will be disclosed by Seller to B of Escrow. MO/DA/YR A SELLER'S SIGNATURE MO/DA/YR	uyer
of the prior to	date siç o Close LER'S S ER'S NA By: ts:	gned. Seller agrees that any material changes in the information contained herein will be disclosed by Seller to B of Escrow. MO/DA/YR A SELLER'S SIGNATURE MO/DA/YR	vy R
f the rior to SEL	date sign of Close LER'S S ER'S NA By: ts: wed and	gned. Seller agrees that any material changes in the information contained herein will be disclosed by Seller to B of Escrow. SIGNATURE	uyer
SELLEE IN SELLEE	date sign of Close LER'S S ER'S NA By: ts: wed and ER'S AC 's knowl	gned. Seller agrees that any material changes in the information contained herein will be disclosed by Seller to B of Escrow. BIGNATURE	yyr the
ELLE EUYE eller'	date sign of Close LER'S S ER'S NA By: wed and SR'S AC S's knowlding the	gned. Seller agrees that any material changes in the information contained herein will be disclosed by Seller to B of Escrow. SIGNATURE	the facts
ELLE EVIE BYE BYE BYE BYE BYE BYE BYE B	date sign of Close LER'S S ER'S NA By: ER'S AC S's knowl ding the ain other	gned. Seller agrees that any material changes in the information contained herein will be disclosed by Seller to B of Escrow. SIGNATURE	the facts
SELLE Revie Seller's egarce of buyer	date sign of Close LER'S S ER'S NA By: Weed and Series knowleding the pain other of this Series contains the contains of the series disappears of the series and series and series are disappears of the series are dis	gned. Seller agrees that any material changes in the information contained herein will be disclosed by Seller to B of Escrow. BIGNATURE MO/DA/YR SELLER'S SIGNATURE MO/DA/YR SELLER'S NAME PRINTED SELLER'S NAME PRINTED SELLER MO/DA/YR SELLER'S NAME PRINTED SKNOWLEDGMENT OF RECEIPT: Buyer acknowledges that the information contained herein is based only on edge and is not a warranty of any kind. Buyer acknowledges that it is Buyer's obligation to investigate all material f property to Buyer's satisfaction. Buyer is encouraged to obtain property inspections by an independent third party independent professional counsel as Buyer deems necessary. By signing below, Buyer hereby acknowledges receipt eller's Property Disclosure Statement. BY OND AND AND AND AND AND AND AND AND AND A	the facts and of a
SELLE SELLE SELLE SELLE Seller' egarc o obta copy of f Buye agent(date sign of Close LER'S S ER'S NA By: Wed and S ER'S AC S knowleding the sain other of this Seper disappe (s) to inverse to the control of the contro	gned. Seller agrees that any material changes in the information contained herein will be disclosed by Seller to B of Escrow. SIGNATURE MO/DA/YR SELLER'S SIGNATURE MO/DA/YR SELLER'S NAME PRINTED SELLER SELLER MO/DA/YR SELLER'S NAME PRINTED SELLER MO/DA/YR SELLER'S NAME PRINTED SELLER MO/DA/YR SKNOWLEDGMENT OF RECEIPT: Buyer acknowledges that the information contained herein is based only on edge and is not a warranty of any kind. Buyer acknowledges that it is Buyer's obligation to investigate all material for property to Buyer's satisfaction. Buyer is encouraged to obtain property inspections by an independent third party independent professional counsel as Buyer deems necessary. By signing below, Buyer hereby acknowledges receipt eller's Property Disclosure Statement. BY OND THE TOWN OF THE TOW	the facts and of a
of the SELLE E III	date sign of Close LER'S S ER'S NA By: Wed and S ER'S AC S knowleding the sain other of this Seper disappe (s) to inverse to the control of the contro	gned. Seller agrees that any material changes in the information contained herein will be disclosed by Seller to B of Escrow. BIGNATURE MO/DA/YR SELLER'S SIGNATURE MO/DA/YR SELLER'S NAME PRINTED SELLER'S NAME PRINTED SELLER MO/DA/YR SELLER'S NAME PRINTED SKNOWLEDGMENT OF RECEIPT: Buyer acknowledges that the information contained herein is based only on edge and is not a warranty of any kind. Buyer acknowledges that it is Buyer's obligation to investigate all material f property to Buyer's satisfaction. Buyer is encouraged to obtain property inspections by an independent third party independent professional counsel as Buyer deems necessary. By signing below, Buyer hereby acknowledges receipt eller's Property Disclosure Statement. BY OND AND AND AND AND AND AND AND AND AND A	the facts and of a
SELLE IN SELLE	date sign of Close LER'S S ER'S NA By: Wed and S ER'S AC S knowleding the sain other of this Seper disappe (s) to inverse to the control of the contro	gned. Seller agrees that any material changes in the information contained herein will be disclosed by Seller to B of Escrow. SIGNATURE MO/DA/YR SELLER'S SIGNATURE MO/DA/YR SELLER'S NAME PRINTED SELLER SELLER MO/DA/YR SELLER'S NAME PRINTED SELLER MO/DA/YR SELLER'S NAME PRINTED SELLER MO/DA/YR SKNOWLEDGMENT OF RECEIPT: Buyer acknowledges that the information contained herein is based only on edge and is not a warranty of any kind. Buyer acknowledges that it is Buyer's obligation to investigate all material for property to Buyer's satisfaction. Buyer is encouraged to obtain property inspections by an independent third party independent professional counsel as Buyer deems necessary. By signing below, Buyer hereby acknowledges receipt eller's Property Disclosure Statement. BY OND THE TOWN OF THE TOW	the facts and of a



151.

152.

