



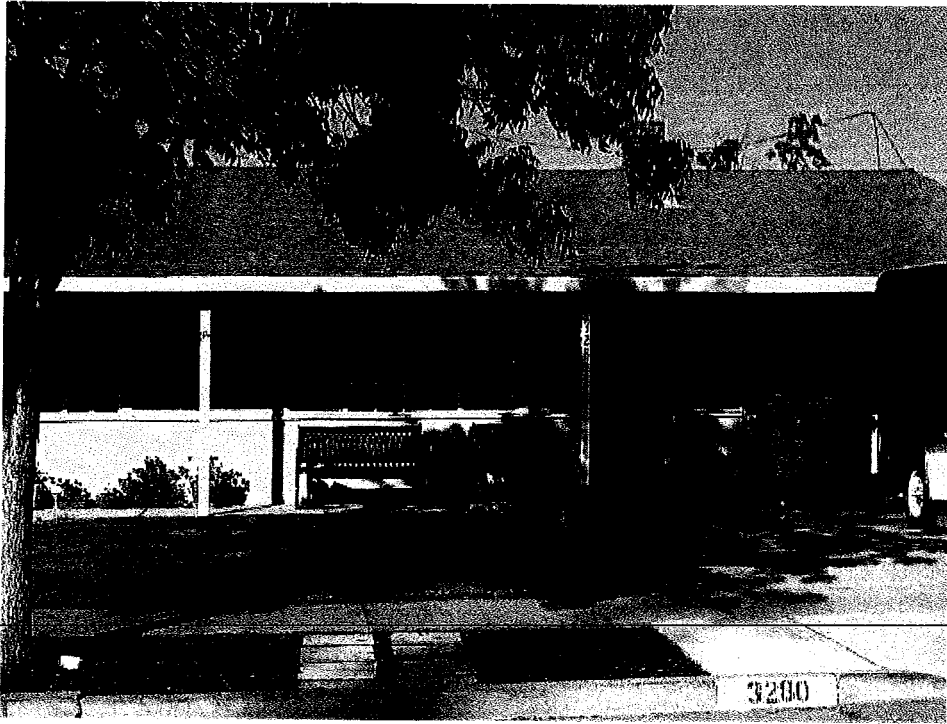
510 Madera Ave.
San Jose, CA 95112
(408) 993-1900
Fax (408) 993-1944
Contractors License No. 729266

RECEIVED & READ

[Signature] 6/13/2011
SIGNATURE DATE
[Signature] 6/14/2011
SIGNATURE DATE

Roof Inspection Report

3280 Julio Avenue, San Jose



Ordered by:

Steve Trotter
Intero Real Estate
1900 Camden Avenue
San Jose CA 95124

Inspected by:

Ernest (Andy) Rodriguez
May 24, 2011
Report No. 150598



SCOPE OF THE INSPECTION:

The roof of the dwelling at the above property has been inspected by a qualified inspector employed by HomeGuard Incorporated. The professional opinion of the inspector contained in this report is solely an opinion and does not constitute a warranty or guarantee. The inspector has inspected all exterior roof components and documented in general terms the type of roof, its intended life and overall condition at the time of this inspection. Where accessible, HomeGuard Incorporated has noted all conditions that may compromise any inspected roof component's ability to shed water and/or realize its intended life. Verification of actual roof performance and/or troubleshooting of existing conditions, such as water testing, are NOT included in the scope of our inspection unless specifically requested and mentioned in our report. This inspection should not be considered a guarantee of actual roof performance, as performance is contingent upon the condition of internal system components not accessible to our inspector. This roof was not inspected for conformance to local building codes. The inspector has not inspected the attic area nor did the inspector perform a visual interior inspection looking for past or present roof performance issues. All present and prior disclosures along with other inspection reports should be reviewed and addressed prior to the close of escrow.

GENERAL DESCRIPTION:

Unless otherwise specifically mentioned in this report decks, balconies, detached structures, patio covers, out buildings, sheds and bonus rooms are not included in this report. This is a one story single family residence. The roof is a double laminated asphalt composition shingle, gray in color and is the 1st layer. There is also a flat section of roof at the rear area of the structure. The roof is a cap sheet roofing system. The number of plies is unknown. The typical life expectancy of this roofing material is 25 to 30 years on the double laminated asphalt and 15 to 20 years on the cap sheet roof. The roof has the wear characteristics of being approximately 5+ year(s) old on the double laminated asphalt roof and 20+ year(s) old on the capsheet roof. The pitch of the roof appears to be flat to 4:12. The overall condition of the roof is poor on the double laminated asphalt and poor on the capsheet.

FINDINGS:

1. Regarding the capsheet roof: The roof appears vulnerable to leakage and is beyond practical repair. Interested parties should contact a re-roofing contractor for recommendations. (See Picture 1) (See Picture 2) (See Picture 3) (See Picture 4) (See Picture 5) (See Picture 6) (See Picture 7) (See Picture 8)

RECOMMENDATION:

Install a new modified bitumen roof system as needed to make water tight.

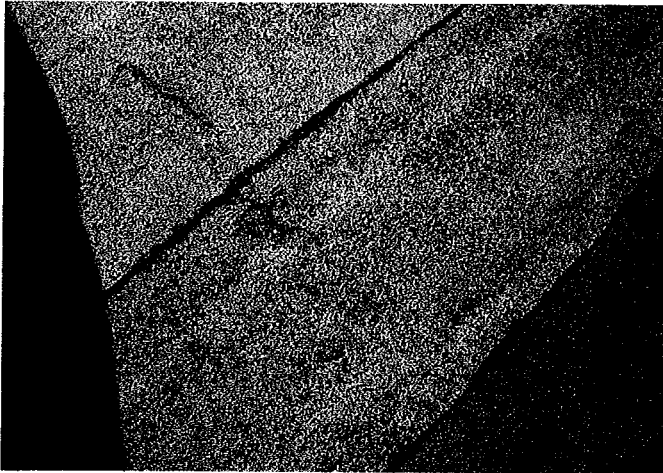
SUMMARY:

The previously mentioned findings must be repaired to insure a water impermeable condition. The cost to do these repairs is \$1200.00. If an outside contractor performs any repairs on the eaves, rafters, or fascia, a roof covering bid will be supplied upon request. For maintenance and/or warranty information, interested parties are advised to contact the original contractor and/or the manufacture.

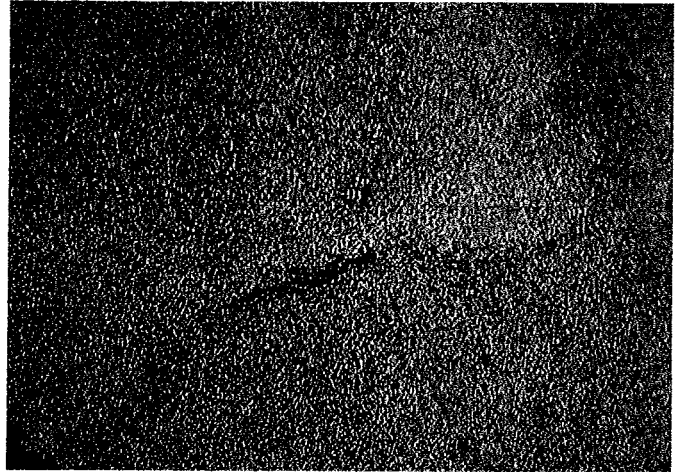
Inspected by: **Ernest (Andy) Rodriguez** Signature

Report Pictures

Pictures are provided to assist in clarifying some of the findings made in this report. No relative importance should be placed on these pictures. The pictures in this report do not necessarily illustrate all of the damage or conditions as outlined in this report. Please contact the inspector if you have specific questions.



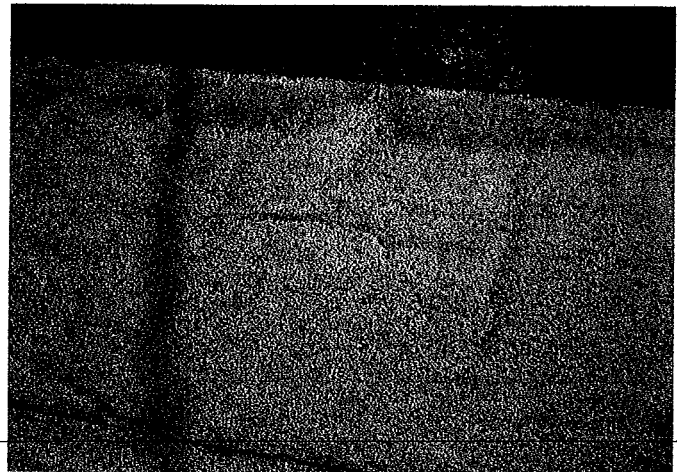
Picture 1



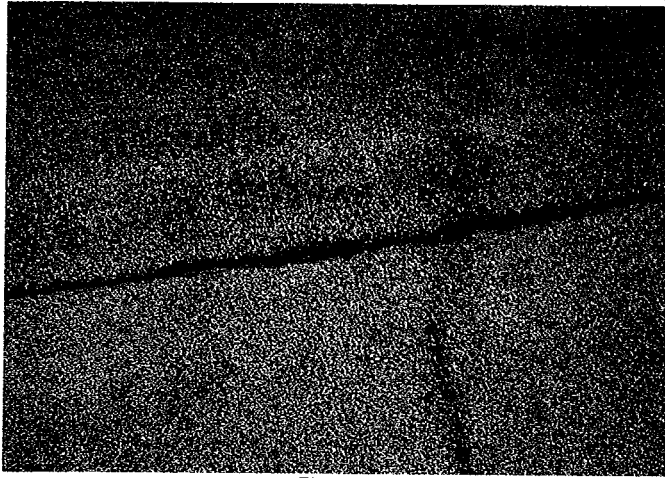
Picture 2



Picture 3



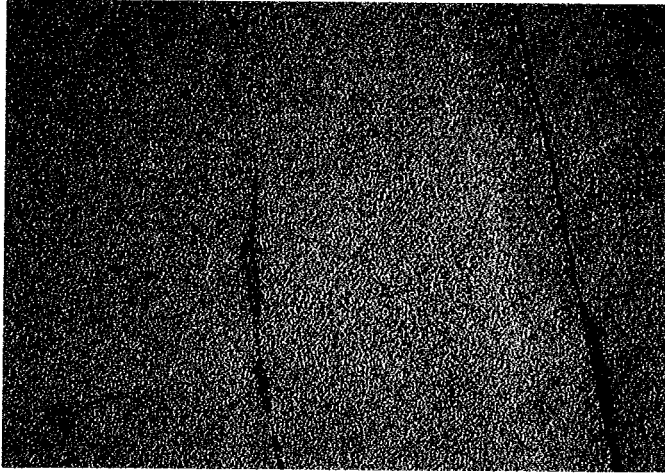
Picture 4



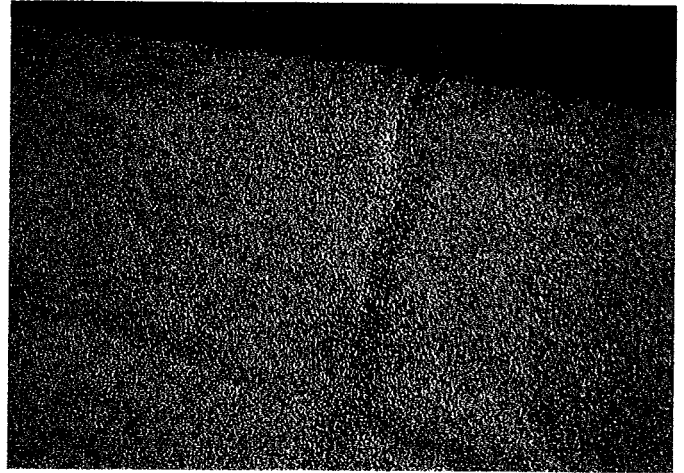
Picture 5



Picture 6



Picture 7



Picture 8



AUTHORIZATION AGREEMENT
3280 Julio Avenue, San Jose - Report No. 150598

To schedule work, email or fax this signed Authorization Agreement, or call directly:

email: HGwork@HomeGuard.com

Fax: (408) 280-2763

Direct: (408) 332-5267

HomeGuard Incorporated is authorized to proceed with the work outlined in the recommendations of the roof report no. 150598 for the property located at 3280 Julio Avenue, San Jose. The amount due will be payable upon completion of work. It is understood that the contract price does not include the charge of the inspection report or re-inspection fees. Inspection number 150598 is attached hereto and incorporated herein:

HOMEGUARD INCORPORATED AGREES:

1. To perform all repairs in a workmanlike manner. We assume no responsibility for work performed by others.
2. To be bound to perform this work for the price quoted above for a period of 30 days.
3. To use reasonable care in the performance of our work but to assume no responsibility for damage to any hidden pipes, wiring, or other facilities or to any shrubs or other life.

OWNER OR OWNER'S AGENT AGREE:

1. To pay for services rendered including any additional services requested, upon completion of work.
2. To pay a service charge of 1.5 percent per month or portion of any month beyond 30 days after completion.
3. To grant HomeGuard Incorporated a security interest in the above described real property to secure payment of the sum for work and/or inspection(s) completed.
4. Not to hold HomeGuard Incorporated responsible for any acts of God.

BOTH PARTIES AGREE:

1. If additional damage is discovered by HomeGuard Incorporated during the performance of work, the company agrees to notify the owner or owner's agent of the amount of the damage and the cost to perform the additional work. This work will be performed upon written authorization.
2. If any additional work is deemed necessary by the local building inspector, said work will not be performed without additional authorization from the owner or owner's agent.

NOTICE TO OWNER - LICENSING

"Contractors are required by law to be licensed and regulated by the Contractors State License Board, which has jurisdiction to investigate complaints against contractors if a complaint regarding a patent act or omission is filed within four years of the date of the alleged violation. A complaint regarding a latent act or omission pertaining to structural defects must be filed within 10 years of the date of the alleged violation. Any questions concerning the contractor may be referred to the Registrar, Contractors State License Board, Post Office Box 26000, Sacramento, California 95826.

"State law requires anyone who contracts to do construction work to be licensed by the Contractors State License Board in the license category in which the contractor is going to be working—if the total price of the job is \$500 or more (including labor and materials).

~~"Licensed contractors are regulated by laws designed to protect the public. If you contract with someone who does not have a license, the Contractors State License Board may be unable to assist you with a complaint. Your only remedy against an unlicensed contractor may be in civil court, and you may be liable for damages arising out of any injuries to the contractor or his or her employees.~~

"You may contact the Contractors State License Board to find out if this contractor has a valid license. The Board has complete information on the history of licensed contractors, including any possible suspensions, revocations, judgments, and citations. The Board has offices throughout California. Please check the government pages of the White Pages for the office nearest you or call 1-800-321-CSLB for more information."



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NOTICE TO OWNER - MECHANICS LIEN

"Under the California Mechanics' Lien Law, any contractor, subcontractor, laborer, supplier, or other person or entity who helps to improve your property, but is not paid for his or her work or supplies, has a right to place a lien on your home, land, or property where the work was performed and to sue you in court to obtain payment. This means that after a court hearing, your home, land, and property could be sold by a court officer and the proceeds of the sale used to satisfy what you owe. This can happen even if you have paid your contractor in full if the contractor's subcontractors, laborers, or suppliers remain unpaid. To preserve their rights to file a claim or lien against your property, certain claimants such as subcontractors or material suppliers are each required to provide you with a document called a "Preliminary Notice." Contractors and laborers who contract with owners directly do not have to provide such notice since you are aware of their existence as an owner. A preliminary notice is not a lien against your property. Its purpose is to notify you of persons or entities that may have a right to file a lien against your property if they are not paid. In order to perfect their lien rights, a contractor, subcontractor, supplier, or laborer must file a mechanics' lien with the county recorder which then becomes a recorded lien against your property. Generally, the maximum time allowed for filing a mechanics' lien against your property is 90 days after substantial completion of your project.

TO INSURE EXTRA PROTECTION FOR YOURSELF AND YOUR PROPERTY, YOU MAY WISH TO TAKE ONE OR MORE OF THE FOLLOWING STEPS:

- (1) Require that your contractor supply you with a payment and performance bond (not a license bond), which provides that the bonding company will either complete the project or pay damages up to the amount of the bond. This payment and performance bond as well as a copy of the construction contract should be filed with the county recorder for your further protection. The payment and performance bond will usually cost from 1 to 5 percent of the contract amount depending on the contractor's bonding ability. If a contractor cannot obtain such bonding, it may indicate his or her financial incapacity.
- (2) Require that payments be made directly to subcontractors and material suppliers through a joint control. Funding services may be available, for a fee, in your area which will establish voucher or other means of payment to your contractor. These services may also provide you with lien waivers and other forms of protection. Any joint control agreement should include the addendum approved by the registrar.
- (3) Issue joint checks for payment, made out to both your contractor and subcontractors or material suppliers involved in the project. The joint checks should be made payable to the persons or entities which send preliminary notices to you. Those persons or entities have indicated that they may have lien rights on your property, therefore you need to protect yourself. This will help to insure that all persons due payment are actually paid.
- (4) Upon making payment on any completed phase of the project, and before making any further payments, require your contractor to provide you with unconditional "Waiver and Release" forms signed by each material supplier, subcontractor, and laborer involved in that portion of the work for which payment was made. The statutory lien releases are set forth in exact language in Section 3262 of the Civil Code. Most stationery stores will sell the "Waiver and Release" forms if your contractor does not have them. The material suppliers, subcontractors, and laborers that you obtain releases from are those persons or entities who have filed preliminary notices with you. If you are not certain of the material suppliers, subcontractors, and laborers working on your project, you may obtain a list from your contractor. On projects involving improvements to a single-family residence or a duplex owned by the individuals, the persons signing these releases lose the right to file a mechanics' lien claim against your property. In other types of construction, this protection may still be important, but may not be as complete. To protect yourself under this option, you must be certain that all material suppliers, subcontractors, and laborers have signed the "Waiver and Release" form. If a mechanics' lien has been filed against your property, it can only be voluntarily released by a recorded "Release of Mechanics' Lien" signed by the person or entity that filed the mechanics' lien against your property unless the lawsuit to enforce the lien was not timely filed. You should not make any final payments until any and all such liens are removed. You should consult an attorney if a lien is filed against your property."



AUTHORIZATION AGREEMENT
3280 Julio Avenue, San Jose - Report No. 150598

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NOTICE TO OWNER - LEAK-FREE WARRANTY

HomeGuard warrants roof components, designed as such, to be free of readily apparent defects. If leakage should occur due to a readily apparent defect, HomeGuard will repair the covered roof components at no charge within thirty (30) days of notification. The exceptions and exclusions from the terms of this warranty are as follows:

1. HomeGuard Incorporated is not responsible for any interior or exterior damage caused by any leak that may develop.
2. HomeGuard Incorporated is not responsible for removal of standing water after roof work has been completed.
3. HomeGuard Incorporated is not responsible for leaks caused by vandalism, work performed by others, or acts of God.
4. HomeGuard Incorporated is not responsible for leaks caused by accumulated debris on the roof.
5. HomeGuard Incorporated is not responsible for leaks in gutter systems, sidewalls or roof area under solar systems unless specifically warranted in the repair contract.
6. HomeGuard Incorporated is not responsible for leaks that are the result of inadequate protection caused by the original manufacturer's specifications.

At no time does HomeGuard Inc. warrant the performance and/or condition of the following: proprietary roofing systems, metal/metallic roofing systems, deck coatings, corrugated roof covers, patio covers, patio decks, internal roof components, tar and gravel roofs, exterior structural components, or roof slopes under 2:12.

Claims under this warranty must be reported to HomeGuard Incorporated within three (3) days of the discovery of the leak.

The minimum service charge for any work is \$240. HomeGuard Incorporated will certify the roof to be leak-free for a period of 1 year after the corrective repairs noted below have been performed by HomeGuard.

OWNER OR OWNERS AGENT DATE BY: _____, HomeGuard Incorporated

X _____ ESCROW OFFICER: _____

Print Name _____ ESCROW PHONE NO: _____

X _____ ESCROW CO/NO: _____

Print Name _____

Name of person providing access _____ Phone Number _____

PLEASE BE SURE TO SIGN AND SEND ALL PAGES



510 Madera Ave.
San Jose, CA 95112
(408) 993-1900
Fax (408) 993-1944

Invoice Date: **5/25/2011**

Invoice No: **SJ296786R**

Invoice

Bill To: Robin Primeau Old Republic Title 2110 S. Bascom Avenue #102 Campbell Ca 95008	
Property Information: Address: 3280 Julio Avenue San Jose CA, 95124 Report No. 150598 Escrow No. none given	
Billing Information:	
Inspection: 5/24/2011 Original	\$0.00
Notice of Completion:	\$0.00
Other:	\$0.00
Total Due:	\$0.00

**PAID
DO NOT REMIT**

DUE UPON RECEIPT - Please remit to: 510 Madera Ave., San Jose, CA 95112
There is a \$25 fee for all returned checks.