



COMMERCIAL PROPERTY CONDITION STATEMENT

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CONCERNING THE PROPERTY AT: 16838 Ranch to Market Road 2241 Tow, TX 78672

THIS IS A DISCLOSURE OF THE SELLER'S OR LANDLORD'S KNOWLEDGE OF THE CONDITION OF THE PROPERTY AS OF THE DATE SIGNED. IT IS NOT A SUBSTITUTE FOR ANY INSPECTIONS OR WARRANTIES A BUYER OR TENANT MAY WISH TO OBTAIN. IT IS NOT A WARRANTY OF ANY KIND BY SELLER, SELLER'S AGENTS, LANDLORD, LANDLORD'S AGENTS OR ANY OTHER AGENT. THE TERM "LANDLORD" INCLUDES SUBLESSORS.

PART I - Complete if Property is Improved or Unimproved

Are you (Seller or Landlord) aware of:	<u>Aware</u>	<u>Not Aware</u>
(1) any of the following environmental conditions on or affecting the Property:		
(a) radon gas?	☐	☒
(b) asbestos components:		
(i) friable components?	☐	☒
(ii) non-friable components?	☒	☐
(c) urea-formaldehyde insulation?	☐	☒
(d) endangered species or their habitat?	☐	☒
(e) wetlands?	☐	☒
(f) underground storage tanks?	☐	☒
(g) leaks in any storage tanks (underground or above-ground)?	☐	☒
(h) lead-based paint?	☐	☒
(i) hazardous materials or toxic waste?	☐	☒
(j) open or closed landfills on or under the surface of the Property?	☐	☒
(k) external conditions materially and adversely affecting the Property such as nearby landfills, smelting plants, burners, storage facilities of toxic or hazardous materials, refiners, utility transmission lines, mills, feed lots, and the like?	☐	☒
(l) any activity relating to drilling or excavation sites for oil, gas, or other minerals? ..	☐	☒
(2) previous environmental contamination that was on or that materially and adversely affected the Property, including but not limited to previous environmental conditions listed in Paragraph 1(a)-(l)?	☐	☒
(3) any improper drainage onto or away from the Property?	☐	☒
(4) any fault line at or near the Property that materially and adversely affects the Property?	☐	☒
(5) air space restrictions or easements on or affecting the Property?	☐	☒
(6) unrecorded or unplatted agreements for easements, utilities, or access on or to the Property?	☐	☒

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- | | <u>Aware</u> | <u>Not
Aware</u> |
|--|--------------------------|-------------------------------------|
| (7) special districts in which the Property lies (for example, historical districts, development districts, extraterritorial jurisdictions, or others)? | ☐ | ☒ |
| (8) pending changes in zoning, restrictions, or in physical use of the Property?
The current zoning of the Property is: _____ | ☐ | ☒ |
| (9) your receipt of any notice concerning any likely condemnation, planned streets, highways, railroads, or developments that would materially and adversely affect the Property (including access or visibility)? | ☐ | ☒ |
| (10) lawsuits affecting title to or use or enjoyment of the Property? | ☐ | ☒ |
| (11) your receipt of any written notices of violations of zoning, deed restrictions, or government regulations from EPA, OSHA, TCEQ, or other government agencies? | ☐ | ☒ |
| (12) common areas or facilities affiliated with the Property co-owned with others? | ☐ | ☒ |
| (13) an owners' or tenants' association or maintenance fee or assessment affecting the Property?
If aware, name of association: _____
Name of manager: _____
Amount of fee or assessment: \$ _____ per _____
Are fees current through the date of this notice? [☐] yes [☐] no [☐] unknown | ☐ | ☒ |
| (14) subsurface structures, hydraulic lifts, or pits on the Property? | ☐ | ☒ |
| (15) intermittent or wet weather springs that affect the Property? | ☐ | ☒ |
| (16) any material defect in any irrigation system, fences, or signs on the Property? | ☐ | ☒ |
| (17) conditions on or affecting the Property that materially affect the health or safety of an ordinary individual? | ☐ | ☒ |
| (18) any of the following rights vested in others: | | |
| (a) outstanding mineral rights? | ☐ | ☒ |
| (b) timber rights? | ☐ | ☒ |
| (c) water rights? | ☐ | ☒ |
| (d) other rights? | ☐ | ☒ |
| (19) any personal property or equipment or similar items subject to financing, liens, or lease(s)?
If aware, list items: _____ | ☐ | ☒ |

If you are aware of any of the conditions listed above, explain. (Attach additional information if needed.) _____

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PART 2 - Complete if Property is Improved or Unimproved

Are you (Seller or Landlord) aware of any of the following conditions*:	<u>Aware</u>	<u>Not Aware</u>
(1) Present flood insurance coverage?	☒	☐
(2) Previous flooding due to a failure or breach of a reservoir or a controlled or emergency release of water from a reservoir?	☐	☒
(3) Previous flooding due to a natural flood event?	☐	☒
(4) Previous water penetration into a structure on the Property due to a natural flood event?	☐	☒
(5) Located ☐ wholly ☐ partly in a 100-year floodplain (Special Flood Hazard Area-Zone A, V, A99, AE, AO, AH, VE, or AR)?	☐	☒
(6) Located ☐ wholly ☒ partly in a 500-year floodplain (Moderate Flood Hazard Area-Zone X (shaded))?	☒	☐
(7) Located ☐ wholly ☐ partly in a floodway?	☐	☒
(8) Located ☐ wholly ☐ partly in a flood pool?	☐	☒
(9) Located ☐ wholly ☐ partly in a reservoir?	☐	☒

If the answer to any of the above is "aware," explain: (attach additional sheets as necessary)

**If Buyer or Tenant is concerned about these matters, Buyer or Tenant may consult Information About Flood Hazards (TXR 1414)*

For purposes of this notice:

"100-year floodplain" means any area of land that: (A) is identified on the flood insurance rate map as a special flood hazard area, which is designated as Zone A, V, A99, AE, AO, AH, VE, or AR on the map; (B) has a one percent annual chance of flooding, which is considered to be a high risk of flooding; and (C) may include a regulatory floodway, flood pool, or reservoir.

"500-year floodplain" means any area of land that: (A) is identified on the flood insurance rate map as a moderate flood hazard area, which is designated on the map as Zone X (shaded); and (B) has a two-tenths of one percent annual chance of flooding, which is considered to be a moderate risk of flooding.

"Flood pool" means the area adjacent to a reservoir that lies above the normal maximum operating level of the reservoir and that is subject to controlled inundation under the management of the United States Army Corps of Engineers.

"Flood insurance rate map" means the most recent flood hazard map published by the Federal Emergency Management Agency under the National Flood Insurance Act of 1968 (42 U.S.C. Section 4001 et seq.).

"Floodway" means an area that is identified on the flood insurance rate map as a regulatory floodway, which includes the channel of a river or other watercourse and the adjacent land areas that must be reserved for the discharge of a base flood, also referred to as a 100-year flood, without cumulatively increasing the water surface elevation more than a designated height.

"Reservoir" means a water impoundment project operated by the United States Army Corps of Engineers that is intended to retain water or delay the runoff of water in a designated surface area of land.

(10) Have you (Seller or Landlord) ever filed a claim for flood damage to the Property with any insurance provider, including the National Flood Insurance Program (NFIP)? ☐ yes ☒ no
If yes, explain: (attach additional sheets as necessary)

(11) Have you (Seller or Landlord) ever received assistance from FEMA or the U.S. Small Business Administration (SBA) for flood damage to the Property? ☐ yes ☒ no
If yes, explain: (attach additional sheets as necessary)

PART 3 - Complete only if Property is Improved

A. Are you (Seller or Landlord) aware of any material defects in any of the following on the Property?

	<u>Aware</u>	<u>Not Aware</u>	<u>Not Appl.</u>
(1) <u>Structural Items:</u>			
(a) foundation systems (slabs, columns, trusses, bracing, crawl spaces, piers, beams, footings, retaining walls, basement, grading)?	☒	☐	☐
(b) exterior walls?	☒	☐	☐
(c) fireplaces and chimneys?	☒	☐	☐
(d) roof, roof structure, or attic (covering, flashing, skylights, insulation, roof penetrations, ventilation, gutters and downspouts, decking)? . . .	☐	☒	☐
(e) windows, doors, plate glass, or canopies	☒	☐	☐
(2) <u>Plumbing Systems:</u>			
(a) water heaters or water softeners?	☐	☒	☐
(b) supply or drain lines?	☐	☒	☐
(c) faucets, fixtures, or commodes?	☐	☒	☐
(d) private sewage systems?	☐	☒	☐
(e) pools or spas and equipment?	☐	☐	☒
(f) fire sprinkler systems?	☐	☐	☒
(g) landscape sprinkler system?	☐	☐	☒
(h) water coolers?	☐	☐	☒
(i) private water wells?	☐	☒	☐
(j) pumps or sump pumps?	☐	☒	☐
(k) gas lines?	☐	☒	☐
(3) <u>HVAC Systems:</u> any cooling, heating, or ventilation systems?	☐	☒	☐
(4) <u>Electrical Systems:</u> service drops, wiring, connections, conductors, plugs, grounds, power, polarity, switches, light fixtures, or junction boxes?	☐	☒	☐
(5) <u>Other Systems or Items:</u>			
(a) security or fire detection systems?	☐	☐	☒
(b) fire detection systems?			
(b) porches or decks?	☐	☒	☐
(d) garage doors and door operators?	☐	☒	☐
(e) loading doors or docks?	☐	☐	☒
(f) rails or overhead cranes?	☐	☐	☒
(g) elevators or escalators?	☐	☐	☒
(h) parking areas, drives, steps, walkways?	☒	☐	☐
(i) appliances or built-in kitchen equipment?	☒	☐	☐

If you are aware of material defects in any of the items listed under Paragraph A, explain. (*Attach additional information if needed.*) _____

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	<u>Aware</u>	<u>Not Aware</u>
B. Are you (Seller or Landlord) aware of:		
(1) any of the following water or drainage conditions materially and adversely affecting the Property:		
(a) ground water?	☐	☒
(b) water penetration?.	☐	☒
(c) previous flooding or water drainage?.	☐	☒
(d) soil erosion or water ponding?.	☐	☒
(2) previous structural repair to the foundation systems on the Property?.	☐	☒
(3) settling or soil movement materially and adversely affecting the Property?.	☐	☒
(4) pest infestation from rodents, insects, or other organisms on the Property?	☐	☒
(5) termite or wood rot damage on the Property needing repair?	☒	☐
(6) mold to the extent that it materially and adversely affects the Property?	☐	☒
(7) mold remediation certificate issued for the Property in the previous 5 years? <i>if aware, attach a copy of the mold remediation certificate.</i>	☐	☒
(8) previous termite treatment on the Property?	☒	☐
(9) previous fires that materially affected the Property?	☐	☒
(10) modifications made to the Property without necessary permits or not in compliance with building codes in effect at the time?	☐	☒
(11) any part, system, or component in or on the Property not in compliance with the Americans with Disabilities Act or the Texas Architectural Barrier Statute?	☐	☒

If you are aware of any conditions described under Paragraph B, explain. *(Attach additional information, if needed.)* _____

The undersigned acknowledges receipt of the foregoing statement.

Seller or Landlord: Driftwood Shores
Properties, LLC
 By: [Signature]
 By (signature): _____
 Printed Name: David Sander
 Title: Manager

Buyer or Tenant: _____
 By: _____
 By (signature): _____
 Printed Name: _____
 Title: _____

By: _____
 By (signature): _____
 Printed Name: _____
 Title: _____

By: _____
 By (signature): _____
 Printed Name: _____
 Title: _____

NOTICE TO BUYER OR TENANT: The broker representing Seller or Landlord, and the broker representing you advise you that this statement was completed by Seller or Landlord, as of the date signed. The brokers have relied on this statement as true and correct and have no reason to believe it to be false or inaccurate. YOU ARE ENCOURAGED TO HAVE AN INSPECTOR OF YOUR CHOICE INSPECT THE PROPERTY.



INFORMATION ABOUT SPECIAL FLOOD HAZARD AREAS

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CONCERNING THE PROPERTY AT 16838 RM 2241 Tow, TX 78672

A. FLOOD AREAS:

- (1) The Federal Emergency Management Agency (FEMA) designates areas that have a high risk of flooding as special flood hazard areas.
- (2) A property that is in a special flood hazard area is designated on flood insurance rate maps with a zone beginning in a "V" or "A". Both V-Zone and A-Zone areas indicate a high risk of flooding.
- (3) Some properties may also lie in the "floodway" which is the channel of a river or other watercourse and the adjacent land areas that must be reserved in order to discharge a flood under FEMA rules. Communities must regulate development in these floodways.

B. AVAILABILITY OF FLOOD INSURANCE:

- (1) Generally, flood insurance is available regardless of whether the property is located in or out of a special flood hazard area. Contact your insurance agent to determine if any limitations or restrictions apply to the property in which you are interested.
- (2) FEMA encourages every property owner to purchase flood insurance regardless of whether the property is in a high, moderate, or low risk flood area.
- (3) A homeowner may obtain flood insurance coverage (up to certain limits) through the National Flood Insurance Program. Supplemental coverage is available through private insurance carriers.
- (4) A mortgage lender making a federally related mortgage will require the borrower to maintain flood insurance if the property is in a special flood hazard area.

C. GROUND FLOOR REQUIREMENTS:

- (1) Many homes in special flood hazard areas are built-up or are elevated. In elevated homes the ground floor typically lies below the base flood elevation and the first floor is elevated on piers, columns, posts, or piles. The base flood elevation is the highest level at which a flood is likely to occur as shown on flood insurance rate maps.
- (2) Federal, state, county, and city regulations:
 - (a) restrict the use and construction of any ground floor enclosures in elevated homes that are in special flood hazard areas.
 - (b) may prohibit or restrict the remodeling, rebuilding, and redevelopment of property and improvements in the floodway.
- (3) The first floor of all homes must now be built above the base flood elevation.
 - (a) Older homes may have been built in compliance with applicable regulations at the time of construction and may have first floors that lie below the base flood elevation, but flood insurance rates for such homes may be significant.

- (b) It is possible that modifications were made to a ground floor enclosure after a home was first built. The modifications may or may not comply with applicable regulations and may or may not affect flood insurance rates.
 - (c) It is important for a buyer to determine if the first floor of a home is elevated at or above the base flood elevation. It is also important for a buyer to determine if the property lies in a floodway.
- (4) Ground floor enclosures that lie below the base flood elevation may be used only for: (i) parking; (ii) storage; and (iii) building access. Plumbing, mechanical, or electrical items in ground floor enclosures that lie below the base flood elevation may be prohibited or restricted and may not be eligible for flood insurance coverage. Additionally:
- (a) in A-Zones, the ground floor enclosures below the base flood elevation must have flow-through vents or openings that permit the automatic entry and exit of floodwaters:
 - (b) in V-Zones, the ground floor enclosures must have break-away walls, screening, or lattice walls; and
 - (c) in floodways, the remodeling or reconstruction of any improvements may be prohibited or otherwise restricted.

D. COMPLIANCE:

- (1) The above-referenced property may or may not comply with regulations affecting ground floor enclosures below the base flood elevation.
- (2) A property owner's eligibility to purchase or maintain flood insurance, as well as the cost of the flood insurance, is dependent on whether the property complies with the regulations affecting ground floor enclosures.
- (3) A purchaser or property owner may be required to remove or modify a ground floor enclosure that is not in compliance with city or county building requirements or is not entitled to an exemption from such requirements.
- (4) A flood insurance policy maintained by the current property owner does not mean that the property is in compliance with the regulations affecting ground floor enclosures or that the buyer will be able to continue to maintain flood insurance at the same rate.
- (5) Insurance carriers calculate the cost of flood insurance using a rate that is based on the elevation of the lowest floor.
 - (a) If the ground floor lies below the base flood elevation and does not meet federal, state, county, and city requirements, the ground floor will be the lowest floor for the purpose of computing the rate.
 - (b) If the property is in compliance, the first elevated floor will be the lowest floor and the insurance rate will be significantly less than the rate for a property that is not in compliance.
 - (c) If the property lies in a V-Zone the flood insurance rate will be impacted if a ground floor enclosure below the base flood elevation exceeds 299 square feet (even if constructed with break-away walls).

E. ELEVATION CERTIFICATE:

The elevation certificate is an important tool in determining flood insurance rates. It is used to provide elevation information that is necessary to ensure compliance with floodplain management laws. To determine the proper insurance premium rate, insurers rely on an elevation certificate to certify building elevations at an acceptable level above flood map levels. If available in your area, it is recommended that you obtain an elevation certificate for the property as soon as possible to accurately determine future flood insurance rates.

You are encouraged to: (1) inspect the property for all purposes, including compliance with any ground floor enclosure requirement; (2) review the flood insurance policy (costs and coverage) with your insurance agent; and (3) contact the building permitting authority if you have any questions about building requirements or compliance issues.

Receipt acknowledged by:

Signature

Date

Signature

Date