

**TIC CONTRACT ADDENDUM
(INDIVIDUAL TIC FINANCING)**

The following terms and conditions are hereby incorporated in and made a part of the Contract for the Sale and Purchase of Real Property dated _____ for a _____% undivided interest in the property known as _____, San Francisco, California (the "Property") between _____, the Buyer, and _____, the Seller.

1. DISCLOSURES: Buyer understands and acknowledges the following very important things about this purchase:

- A.** The Property has not been divided into condominiums and Buyer is not buying a condominium. Buyer is buying an undivided percentage of an apartment building, and will co-own the Property with others as a tenancy in common. Buyer will not individually own any particular apartment, or obtain a deeded right to any particular area of the Property.

Buyer to print on lines below "I have read and understand Disclosure A above".

- B.** The right to use or rent out a particular apartment (and possibly other areas such as parking spaces, storage areas, decks etc.), along with the allocation of group costs, will be described in a Tenancy In Common Agreement (a "TIC Agreement"). A TIC Agreement is a written contract that is binding because it is signed by all of the co-owners. Depending on the circumstances, it may not be binding on a co-owner who does not sign it, so it is essential to make sure that the TIC Agreement is signed by all of the current co-owners, and by each person who becomes a co-owner in the future. If one or more co-owner has not signed the TIC Agreement, Buyer may lose the right to use his/her assigned apartment, and have a variety of other serious problems.

Buyer to print on lines below "I have read and understand Disclosure B above".

- C.** Individual loans for TIC interests have only recently been introduced by banks, and there is no guarantee that these loans will be available in the future when Buyer needs or wants to resell or refinance, or if Buyer has a balloon payment due. Even if individual TIC loans are available, they may be difficult and/or expensive to obtain. If individual TIC loans are unavailable, the only alternative financing plan would be for the entire TIC group to agree to get an apartment building loan together. Unless the TIC Agreement says something different, the group loan approach would be blocked if any one co-owner disagreed. If the TIC did get group financing, Buyer's risk would increase because the failure of any one co-owner to pay his/her share of the payments could cause all of the co-owners to lose their homes and some or all of their equity.

Buyer to print on lines below "I have read and understand Disclosure C above".

- D.** Since Buyer will be relying on others to help pay the property tax and other group costs (and also the mortgage if the co-owners ever obtain a group loan), it is essential that

Buyer investigate the creditworthiness and financial strength of the other co-owners. Buyer agrees to take responsibility to investigate the creditworthiness and financial strength of the other co-owners. Buyer agrees that he/she will not rely on Seller, or any real estate agent or loan agent, to evaluate the creditworthiness and financial strength of the other co-owners, and will not hold Seller or any real estate agent or loan agent responsible if another co-owner cannot or does not pay his/her share of group costs or has difficulty qualifying for financing.

Buyer to print on lines below "I have read and understand Disclosure D above".

E. While condominium conversion is allowed for certain buildings under certain very limited circumstances, Buyer understands that condominium conversion is never guaranteed. Currently, the chances of winning the San Francisco condominium conversion lottery are very low, and it is possible to enter for many years without winning. It is also possible that conversion law will change at any time, and that the ability to convert will be further restricted or even eliminated, even for two-unit owner-occupied buildings not currently subject to the conversion lottery. Buyer agrees that he/she is not buying the Property based solely or primarily on his/her ability to convert it to condominiums, and accepts the possibility that the Property will never be converted.

Buyer to print on lines below "I have read and understand Disclosure E above".

2. OCCUPANCY RIGHTS: Buyer will be assigned the exclusive right to occupy unit #_____, along with the following other areas of the Property:

3. TIC AGREEMENT: Buyer acknowledges that he/she has been strongly advised to consult with an attorney familiar with tenancy in common ownership in San Francisco about this purchase and about the TIC Agreement. Buyer agrees that he/she will not rely on information or advice provided by Seller or any real estate or loan agent in evaluating the TIC Agreement or the tenancy in common aspects of the purchase or ownership of the Property, and will independently verify any such information or advice prior to accepting the TIC Agreement under any of the paragraphs below. Regardless of whether Buyer actually undertakes his/her own investigation and verification, under no circumstances will Buyer hold Seller or any real estate or loan agent responsible for the inaccuracy or incompleteness of information regarding the TIC Agreement or the tenancy in common aspects of the purchase or ownership of the Property. The appropriate paragraph below should be initialed and completed.

_____ Buyer Has Already Approved TIC Agreement: If this option is selected, a TIC Agreement has already been provided to Buyer, and Buyer has had the opportunity to review it him/herself and to consult with attorneys and other advisors about it. Buyer unconditionally approves of the TIC Agreement and agrees to execute it in its current form prior to close of escrow.

_____ Buyer Has Not Yet Approved TIC Agreement: If this option is selected, a TIC Agreement has been provided to Buyer, and Buyer has until _____ to notify Seller in writing that Buyer unconditionally approves of the TIC Agreement and agrees to execute it in its current form prior to close of escrow. If Buyer fails to provide such notification by the deadline, either Buyer or Seller may terminate this Contract.

_____ **TIC Agreement To Be Created By Seller:** If this option is selected, a TIC Agreement shall be provided to Buyer within fourteen (14) or _____ days, and Buyer shall have fourteen (14) or _____ days thereafter to notify Seller in writing that Buyer unconditionally approves of the TIC Agreement and agrees to execute it in the form provided prior to close of escrow. If Seller fails to provide a TIC Agreement by the deadline, or Buyer fails to provide such notification of approval by the deadline, either Buyer or Seller may terminate this Contract.

_____ **TIC Agreement To Be Created By Buyer:** If this option is selected, Buyer shall have fourteen (14) or _____ days to notify Seller in writing that Buyer has created and is willing to execute a TIC Agreement, or is willing to waive this contingency. If Buyer fails to provide such notification by the deadline, either Buyer or Seller may terminate this Contract.

Buyer to print on lines below either "I have consulted with (specify attorney name) about this purchase" or "I have decided not to consult with an attorney even though I know I should".

4. APPROVAL OF AND BY OTHER CO-OWNERS:

- A.** Seller is hereby authorized to share Buyer’s loan application, credit report and any additional information requested by Seller, with existing co-owners and prospective co-owners. Buyer agrees to meet with existing co-owners and prospective co-owners within three (3) or _____days of a written request to do so. In the event that any such person makes a reasonable, written objection to Buyer’s participation in the co-ownership, Seller may terminate this Contract.

- B.** Buyer shall have the opportunity to review financial information for, and to meet, any existing co-owner or prospective co-owner. With regard to each existing co-owner and each prospective co-owner who has been identified on the date of ratification, the “Review Period” shall extend for seven (7) or _____ days following ratification. For any each prospective co-owner identified after ratification, the “Review Period” shall extend for seven (7) or _____ days following written notification by Seller of the identity of the prospective co-owner. If Buyer makes a reasonable written objection to an existing co-owner or prospective co-owner within three (3) days following expiration of the “Review Period” for such co-owner, Buyer may terminate this Contract.

5. ADDITIONAL DISCLOSURES: By initialing below, Buyer acknowledges receipt of the attached disclosures:

<i>Buyers Initials</i>	<i>Disclosure and Date of Revision</i>
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6. ADDITIONAL TERMS AND CONDITIONS:

THE FOREGOING TERMS AND CONDITIONS ARE HEREBY AGREED TO AND THE UNDERSIGNED ACKNOWLEDGE RECEIPT OF A COPY OF THIS ADDENDUM.

Buyer DATE

Buyer DATE

Seller DATE

Seller DATE