

INVESTIGATION CONTINGENCY




Paragraph 3L(3) of the RPA automatically gives a buyer a 17 day period of time to investigate all aspects of the property.

L	8	CONTINGENCIES	TIME TO REMOVE CONTINGENCIES	CONTINGENCY REMOVED
L(1)	8A	Loan(s)	17 (or ____) Days after Acceptance	<input type="checkbox"/> No loan contingency
L(2)	8B	Appraisal: Appraisal contingency based upon appraised value at a minimum of purchase price or <input type="checkbox"/> \$ _____	17 (or ____) Days after Acceptance	<input type="checkbox"/> No appraisal contingency Removal of appraisal contingency does not eliminate appraisal cancellation rights in FVAC.
L(3)	8C, 12	Investigation of Property	17 (or ____) Days after Acceptance	REMOVAL OR WAIVER OF CONTINGENCY: Any contingency in L(1)-L(7) may be removed or waived by checking the applicable box above or attaching a Contingency Removal (C.A.R. Form CR) and checking the applicable box therein. Removal or Waiver at time of offer is against Agent advice. See paragraph 8H. <input type="checkbox"/> CR attached
		Informational Access to Property Buyer's right to access the Property for informational purposes is NOT a contingency, does NOT create cancellation rights, and applies even if contingencies are removed.	17 (or ____) Days after Acceptance	
L(4)	8D, 14A	Review of Seller Documents	17 (or ____) Days after Acceptance, or 5 Days after receipt, whichever is later	
L(5)	8E, 13A	Preliminary ("Title") Report	17 (or ____) Days after Acceptance, or 5 Days after receipt, whichever is later	
L(6)	8F, 11K	Common Interest Disclosures required by Civil Code § 4525 or this Agreement	17 (or ____) Days after Acceptance, or 5 Days after receipt, whichever is later	
L(7)	8G, 9B(6)	Review of leased or liened items (Such as for solar panels or propane tanks or PACE or HERO liens)	17 (or ____) Days after Acceptance, or 5 Days after receipt, whichever is later	

Waiving that right requires that a Contingency Removal form (C.A.R. Form CR) be attached to the offer or a counter offer. Changing the 17-day time period requires inserting a different number in the blank field, or referencing the same in a counter offer.

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 CALIFORNIA ASSOCIATION OF REALTORS®

SELLER COUNTER OFFER No. _____
 May not be used as a multiple counter offer.
 (C.A.R. Form SCO, Revised 12/21)

Date _____

This is a counter offer to the Purchase Agreement, OR Buyer Counter Offer No. _____, Other _____ ("Offer"), dated _____, on property known as _____ ("Property"), between _____ ("Buyer") and _____ ("Seller").
 Buyer and Seller are referred to as the "Parties."

1. TERMS: The terms and conditions of the above referenced document are accepted subject to the following:

A. The Liquidated Damages and Arbitration of Disputes paragraphs in the Offer each require initials by all Parties. If either of those paragraphs is not initialed by all Parties, that paragraph is excluded from the final agreement unless specifically referenced for inclusion in paragraph 1C of this or another Counter Offer or an addendum.

B. Unless otherwise agreed in writing, down payment and loan amount(s) will be adjusted in the same proportion as in the original Offer, but initial and increased deposit amount(s) shall remain unchanged from the original Offer.

C. OTHER TERMS:



The contingency gives a buyer a contractual excuse to cancel the contract, during the contingency period, if the buyer is not satisfied with its condition, or any other matter affecting the property.

8. CONTINGENCIES AND REMOVAL OF CONTINGENCIES:

C. INVESTIGATION OF PROPERTY: This Agreement is, as specified in **paragraph 3L(3)**, contingent upon Buyer's acceptance of the condition of, and any other matter affecting, the Property. See **paragraph 12**.

14. TIME PERIODS; REMOVAL OF CONTINGENCIES; CANCELLATION RIGHTS: The following time periods may only be extended, altered, modified or changed by mutual written agreement. Any removal of contingencies or cancellation under this paragraph by either Buyer or Seller must be exercised in good faith and in writing (C.A.R. Form CR or CC).

A. SELLER DELIVERY OF DOCUMENTS: Seller shall, within the time specified in **paragraph 3N(1)**, Deliver to Buyer all reports, disclosures and information ("Reports") for which Seller is responsible as specified in **paragraphs 9B(6), 10, 11A, 11B, 11C, 11D, 11H, 11K, 11L, 11M, 13A, and 13D**.

B. BUYER REVIEW OF DOCUMENTS; REPAIR REQUEST; CONTINGENCY REMOVAL OR CANCELLATION

- (1) Buyer has the time specified in **paragraph 3** to: (i) perform Buyer investigations; review all disclosures, reports, lease documents to be assumed by Buyer pursuant to **paragraph 9B(6)**, and other applicable information, which Buyer receives from Seller; and approve all matters affecting the Property; and (ii) Deliver to Seller Signed Copies of Statutory and Other Disclosures Delivered by Seller in accordance with **paragraph 11**.
- (2) Buyer may, within the time specified in **paragraph 3L(3)**, request that Seller make repairs or take any other action regarding the Property (C.A.R. Form RR). Seller has no obligation to agree to or respond to Buyer's requests (C.A.R. Form RR or RRRR). If Seller does not agree or does not respond, Buyer is not contractually entitled to have the repairs or other requests made and may only cancel based on contingencies in this Agreement.
- (3) Buyer shall, by the end of the times specified in **paragraph 3L** (or as Otherwise Agreed), Deliver to Seller a removal of the applicable contingency or cancellation of this Agreement (C.A.R. Form CR or CC). However, if any report, disclosure, or information for which Seller is responsible, other than those in **paragraph 11A** or **11B**, is not Delivered within the time specified in **paragraph 3N(1)**, then Buyer has **5 Days** after Delivery of any such items, or the times specified in **paragraph 3L**, whichever is later, to Deliver to Seller a removal of the applicable contingency or cancellation of this Agreement. If Delivery of any Report occurs after a contractual contingency pertaining to that Report has already been waived or removed, the Delivery of the Report does not revive the contingency but there may be a right to terminate for a subsequent or amended disclosure under **paragraph 11G**.
- (4) **Continuation of Contingency:** Even after the end of the time specified in **paragraph 3L** and before Seller cancels, if at all, pursuant to **paragraph 14C**, Buyer retains the right, in writing, to either (i) remove remaining contingencies, or (ii) cancel this Agreement based on a remaining contingency. Once Buyer's written removal of all contingencies is Delivered to Seller, Seller may not cancel this Agreement pursuant to **paragraph 14C(1)**.

14. TIME PERIODS; REMOVAL OF CONTINGENCIES; CANCELLATION RIGHTS: The following time periods may only be extended, altered, modified or changed by mutual written agreement. Any removal of contingencies or cancellation under this paragraph by either Buyer or Seller must be exercised in good faith and in writing (C.A.R. Form CR or CC).

- A. SELLER DELIVERY OF DOCUMENTS:** Seller shall, within the time specified in **paragraph 3N(1)**, Deliver to Buyer all reports, disclosures and information ("Reports") for which Seller is responsible as specified in **paragraphs 9B(6), 10, 11A, 11B, 11C, 11D, 11H, 11K, 11L, 11M, 13A, and 13D**.
- B. BUYER REVIEW OF DOCUMENTS; REPAIR REQUEST; CONTINGENCY REMOVAL OR CANCELLATION**
- (1) Buyer has the time specified in **paragraph 3** to: (i) perform Buyer Investigations; review all disclosures, reports, lease documents to be assumed by Buyer pursuant to **paragraph 9B(6)**, and other applicable information, which Buyer receives from Seller; and approve all matters affecting the Property; and (ii) Deliver to Seller Signed Copies of Statutory and Other Disclosures Delivered by Seller in accordance with **paragraph 11**.
 - (2) Buyer may, within the time specified in **paragraph 3L(3)**, request that Seller make repairs or take any other action regarding the Property (C.A.R. Form RR). Seller has no obligation to agree to or respond to Buyer's requests (C.A.R. Form RR or RRRR). If Seller does not agree or does not respond, Buyer is not contractually entitled to have the repairs or other requests made and may only cancel based on contingencies in this Agreement.
 - (3) Buyer shall, by the end of the times specified in **paragraph 3L** (or as Otherwise Agreed), Deliver to Seller a removal of the applicable contingency or cancellation of this Agreement (C.A.R. Form CR or CC). However, if any report, disclosure, or information for which Seller is responsible, other than those in **paragraph 11A** or **11B**, is not Delivered within the time specified in **paragraph 3N(1)**, then Buyer has **5 Days** after Delivery of any such items, or the times specified in **paragraph 3L**, whichever is later, to Deliver to Seller a removal of the applicable contingency or cancellation of this Agreement. If Delivery of any Report occurs after a contractual contingency pertaining to that Report has already been waived or removed, the Delivery of the Report does not revive the contingency but there may be a right to terminate for a subsequent or amended disclosure under **paragraph 11G**.
 - (4) **Continuation of Contingency:** Even after the end of the time specified in **paragraph 3L** and before Seller cancels, if at all, pursuant to **paragraph 14C**, Buyer retains the right, in writing, to either (i) remove remaining contingencies, or (ii) cancel this Agreement based on a remaining contingency. Once Buyer's written removal of all contingencies is Delivered to Seller, Seller may not cancel this Agreement pursuant to **paragraph 14C(1)**.

The contingency stays in place until removed in writing by the buyer. The buyer is entitled to a return of any deposit made if the buyer cancels.

Once removed, the contingency cannot be exercised if the buyer later learns something new about the property.

F. EFFECT OF REMOVAL OF CONTINGENCIES:

- (1) **REMOVAL OF BUYER CONTINGENCIES:** If Buyer removes any contingency or cancellation rights, unless Otherwise Agreed, Buyer shall conclusively be deemed to have: (i) completed all Buyer Investigations, and review of reports and other applicable information and disclosures pertaining to that contingency or cancellation right; (ii) elected to proceed with the transaction; and (iii) assumed all liability, responsibility and expense for the non-delivery of any reports, disclosures or information outside of Seller's control and for any Repairs or corrections pertaining to that contingency or cancellation right, or for the inability to obtain financing.

If buyer fails to remove the contingency within the stated time, the seller has an opportunity to cancel after first giving the buyer a notice to buyer to perform (C.A.R Form NBP). When that happens, the buyer is entitled to a return of any deposit made.

C. SELLER RIGHT TO CANCEL:

- (1) **SELLER RIGHT TO CANCEL; BUYER CONTINGENCIES:** If, by the time specified in this Agreement, Buyer does not Deliver to Seller a removal of the applicable contingency or cancellation of this Agreement, then Seller, after first Delivering to Buyer a Notice to Buyer to Perform (C.A.R. Form NBP), may cancel this Agreement. **In such event, Seller shall authorize the return of Buyer's deposit**, except for fees incurred by Buyer.

The investigation contingency is all-encompassing. It includes inspections of the physical attributes of the property, and other matters affecting the property.

12. BUYER'S INVESTIGATION OF PROPERTY AND MATTERS AFFECTING PROPERTY:

- A. Buyer shall, within the time specified in **paragraph 3L(3)**, have the right, at Buyer's expense unless Otherwise Agreed, to conduct inspections, investigations, tests, surveys and other studies ("Buyer Investigations").
- B. Buyer Investigations include, but are not limited to:
 - (1) Inspections regarding any physical attributes of the Property or items connected to the Property, such as:
 - (A) A general home inspection.
 - (B) An inspection for lead-based paint and other lead-based paint hazards.
 - (C) An inspection specifically for wood destroying pests and organisms. Any inspection for wood destroying pests and organisms shall be prepared by a registered Structural Pest Control company; shall cover the main building and attached structures; may cover detached structures; shall NOT include water tests of shower pans on upper level units unless the owners of property below the shower consent; shall NOT include roof coverings; and, if the Property is a unit in a condominium or other common interest subdivision, the inspection shall include only the separate interest and any exclusive-use areas being transferred, and shall NOT include common areas; and shall include a report ("Pest Control Report") showing the findings of the company which shall be separated into sections for evident infestation or infections (Section 1) and for conditions likely to lead to infestation or infection (Section 2).
 - (D) Any other specific inspections of the physical condition of the land and improvements.
 - (2) All other Buyer Investigations, such as insurance, not specified above. See, Buyer's Investigation Advisory (C.A.R. Form BIA) for more.

Report, Buyer will receive the policy as specified in this paragraph.

14. TIME PERIODS; REMOVAL OF CONTINGENCIES; CANCELLATION RIGHTS: The following time periods may only be extended, altered, modified or changed by mutual written agreement. Any removal of contingencies or cancellation under this paragraph by either Buyer or Seller must be exercised in good faith and in writing (C.A.R. Form CR or CC).

If buyer has a good faith dissatisfaction with the property or any condition affecting it, the buyer may cancel the transaction during the investigation contingency period (C.A.R. Form CR or CC).



REQUEST FOR REPAIR No. _____
(C.A.R. Form RR, Revised 6/22)

Date Prepared: _____
In accordance with the terms and conditions of the Purchase Agreement, OR Other _____
dated _____, on property known as _____ ("Agreement"),
between _____ ("Property"),
and _____ ("Buyer"),
and _____ ("Seller").
Buyer and Seller are referred to as the "Parties".

1. BUYER REQUEST (Check all that apply): (Note: Seller has no obligation to respond to Buyer request.)

A. Buyer requests that Seller, prior to final verification of condition, repair or take the other specified action for each item listed below or on the attached list dated _____:

B. (i) SECTION 1: Buyer requests Seller pay to have Section 1 work completed as specified in the attached Pest Control Report dated _____ prepared by _____

(ii) SECTION 2: Buyer requests Seller pay to have Section 2 work completed as specified in the attached Pest Control Report dated _____ prepared by _____

(iii) If Buyer requests either Section 1 or Section 2 work above, Seller shall, no later than 5 (or _____) Days Prior to Close of Escrow, Deliver to Buyer a written pest control certification showing the corrective work has been completed.

C. Buyer requests that Seller credit Buyer \$ _____ at Close of Escrow.

(Note: Any credit included in this paragraph is separate from and shall not reduce or supersede any other credit in the Agreement unless Otherwise Agreed. Credits need to be disclosed to Buyer's lender and total contractual credits may be limited pursuant to the Agreement. Total credit amount may not be enough to remedy all defects or repairs.)

D. Buyer requests that Seller modify the purchase price. The revised purchase price shall be \$ _____

2. Attached Reports: A copy of the following inspection or other report is attached.

3. FHA or VA: Buyer's FHA or VA lender requires specified actions in the appraisal or other lender documentation (if checked, attached).

A. Buyer's FHA or VA lender requires the following items to be repaired. Buyer requests that Seller repair the following items, and Seller (or Buyer) shall pay for any such repair: _____

B. Buyer requests that Seller pay for the following costs or expenses required by the FHA or VA lender: _____

4. If Seller agrees to all of Buyer's Requests, or some of Buyer's requests and Buyer accepts Seller's partial agreement below:

A. Buyer removes the Investigation of Property Contingency (paragraph 3L(3) and 8C), except the following:

OR (2) Buyer removes those contingencies identified on the attached, Signed, Contingency Removal Form (C.A.R. Form CR)

B. Buyer Releases Seller from any loss, liability, expense, claim or cause of action regarding the disclosed condition of the Property ("Release").

Buyer may use the Request for Repair (C.A.R. Form RR) to request that seller repair defects before close of escrow, or lower the purchase price, or give buyer a credit toward the purchase price. Buyer agrees to remove the investigation contingency in order to continue with the transaction if seller agrees to buyer's requests.

The contingency period sets the outside time to reach agreement (using C.A.R. Forms RR, RRRR and/or AEA), not the starting date on which buyer needs to make repair, price or credit requests.




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REQUEST FOR REPAIR No. _____
(C.A.R. Form RR, Revised 6/22)



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**SELLER RESPONSE AND BUYER REPLY
TO REQUEST FOR REPAIR No.** _____
(Or other action)
(C.A.R. Form RRRR, Revised 6/22)



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AMENDMENT OF EXISTING AGREEMENT TERMS No. _____
(C.A.R. Form AEA, Revised 12/21)





BEST PRACTICES

- ◆ Buyers should interview home inspectors prior to writing an offer so that once an offer is accepted the buyers do not waste valuable contingency removal time finding an inspector.
- ◆ Buyers should review the completed inspection report with the inspector.
- ◆ Buyers should discuss with their agent the consequences of removing contingencies, attempting negotiations, and cancellation.
- ◆ Do not wait until the final day of the contingency period to conduct investigations or request repairs.

ADDITIONAL RESOURCES

- ◆ **QUICK GUIDE:** [The Investigation Contingency](#)
- ◆ **Q&A:** [Contingencies and Contingency Removal](#)
- ◆ **Q&A:** [Request for Repairs and Use of the RR and RRRR Forms](#)
- ◆ **Q&A:** [How a Seller May Cancel a Purchase Agreement: Checklist and Q&A](#)
- ◆ **Legal Tools January 2019:** [Negotiation After Inspection](#)