

NEGOTIATION AFTER INSPECTION:



C.A.R.
LEGAL
TOOLS

NEGOTIATION AFTER INSPECTION: Three Form Options

Request for Repair (RR)

Seller Response and Buyer Reply to Request for Repair (RRRR)

Amendment of Existing Agreement Terms (AEA)

CALIFORNIA ASSOCIATION OF REALTORS®

REQUEST FOR REPAIR No. _____
(Or other Action)
(C.A.R. Form RR, Revised 12/21)

Date Prepared: _____
In accordance with the terms and conditions of the Purchase Agreement, or Other _____ (Agreement), dated _____, on property known as _____ (Property), between _____ (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, Buyer agrees:

A. (1) To remove 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").

5. EXPIRATION: Buyer proposes this Request for Repairs (RR) which shall be deemed revoked:

A. Unless by 5:00 PM on the third day after it is signed by Buyer (or by _____ AM _____ PM on _____ date) the proposed RR is signed by Seller and a Copy of this RR is Delivered to Buyer.

B. If Buyer withdraws this Request for Repair any time prior to Seller's acceptance by communicating withdrawal to Seller or Seller's Agent.

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REQUEST FOR REPAIR (RR PAGE 1 OF 2)

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CALIFORNIA ASSOCIATION OF REALTORS®

SELLER RESPONSE AND BUYER REPLY TO REQUEST FOR REPAIR No. _____
(Or other action)
(C.A.R. Form RRRR, Revised 12/21)

In accordance with the terms and conditions of the Request For Repair No. _____ dated _____ on property known as _____ (Property), between _____ (Buyer), and _____ (Seller). Buyer and Seller are referred to as the "Parties."

SELLER RESPONSE TO BUYER REQUESTS:

1. SELLER AGREES: (Check all that apply).

A. to all of Buyer's requests in Request for Repair No. _____, except: _____

B. at Close Of Escrow, to credit Buyer \$ _____

C. to modify the purchase price. The revised purchase price shall be \$ _____

D. Other _____

(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 and price reduction amount may not be enough to remedy all defects or repairs.)

Note to Seller: FHAVA. If the Parties do not reach agreement on completing the repairs and other actions specified in paragraph 3A in the FHA or VA section of Buyer Requests in the Requests for Repair (C.A.R. Form RR), Buyer's FHA or VA lender will not loan Buyer the funds needed to purchase the Property. If that happens, and there is a finance contingency that has not been removed, Buyer may cancel this Agreement (C.A.R. Form CC).

2. SELLER'S CONDITIONS: Seller's agreement only applies if Buyer: (i) Removes the Investigation Contingency (paragraph 3L(3) and 8C), except the following _____, or Buyer removes those contingencies identified on the attached, Contingency Removal Form (C.A.R. Form CR), attached to Buyer's Request for Repairs Buyer Signs, and removes those contingencies identified on the attached, Contingency Removal Form (C.A.R. Form CR), and (ii) Buyer Releases Seller and Brokers from any loss, liability, expense, claim or cause of action regarding the disclosed condition of the Property ("Release").

3. EXPIRATION: Seller proposes this Seller Response to Buyer's Request for Repairs (RR) which shall be deemed revoked:

A. Unless by 5:00 PM on the third day after it is signed by Seller (or by _____ AM _____ PM on _____ date) the proposed RR is signed by Buyer and a Copy of this RRRR is Delivered to Seller.

B. If Seller withdraws this Request for Repair any time prior to Buyer's acceptance by communicating withdrawal to Buyer or Buyer's Agent.

4. EFFECT OF SELLER REQUEST: SELLER MAKES THIS RRRR ON THE TERMS ABOVE AND ACKNOWLEDGES RECEIPT OF A COPY. BY MAKING THIS RRRR, ANY PREVIOUS RR OR SELLER RESPONSE AND BUYER REPLY TO REQUEST FOR REPAIR (C.A.R. Form RRRR) CAN NO LONGER BE ACCEPTED.

Seller _____ Date _____

Seller _____ Date _____

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RRRR Revised 12/21 (PAGE 1 OF 2)

RESPONSE AND REPLY TO REQUEST FOR REPAIR (RRRR PAGE 1 OF 2)

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CALIFORNIA ASSOCIATION OF REALTORS®

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

This is a proposal to amend ("Amendment") the terms and conditions of the Purchase Agreement, OR Residential Lease or Month-to-Month Rental Agreement, Other _____ (Agreement), which was already mutually executed by the Parties, dated _____, on property known as _____ (Property), in which _____ is referred to as "Buyer/Tenant" and _____ is referred to as "Seller/Landlord". Buyer and Seller are referred to as the "Parties."

1. _____

2. EXPIRATION: Buyer/Tenant, Seller/Landlord proposes this Amendment Of Existing Agreement Terms (i) which may be withdrawn by the Party initiating this proposed Amendment at any time prior to acceptance, and (ii) shall be deemed revoked unless by 5:00 PM on the third day after it is signed by the initiating Party (or by _____ AM _____ PM on _____ date) this proposed Amendment is signed by the other Party and a Copy of this Amendment is Delivered to the initiating Party.

Buyer/Tenant, Seller/Landlord _____ Date _____

Buyer/Tenant, Seller/Landlord _____ Date _____

3. ACCEPTANCE: The foregoing terms and conditions amending the existing Agreement are hereby accepted, and the undersigned agrees to the above terms and conditions and acknowledges receipt of a Copy of this Amendment Of Existing Agreement Terms. Upon Acceptance, this Amendment shall be deemed incorporated into the Agreement.

Buyer/Tenant, Seller/Landlord _____ Date _____

Buyer/Tenant, Seller/Landlord _____ Date _____

AMENDMENT NOT ACCEPTED: _____, this Amendment was NOT accepted by Buyer/Tenant/Seller/Landlord on _____ (date).
Buyer/Tenant/Seller/Landlord Initials _____

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AEA REVISED 12/21 (PAGE 1 OF 1)

AMENDMENT OF EXISTING AGREEMENT TERMS (AEA PAGE 1 OF 1)

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THE TRADITIONAL WAY-FORM RR

STEP 1

- Buyer lists repair requests, ask for pest control repairs, credits or reduction in price, or any combination in Form RR.
- Buyer typically attaches inspection report(s) to justify requests.

STEP 2

- Seller agrees to all or none of buyer's requests OR "counters" back on Form RR or RRRR.
- Seller agreement is conditional.
- Buyer must remove physical inspection contingency (and maybe other contingencies) and provide release to seller.

STEP 3

- If buyer agrees, buyer must sign RR form (Section 3). This signature, by itself, removes the specified contingencies, even if buyer does not sign a contingency removal form (CR).

THE TRADITIONAL WAY-ALTERNATIVE

Use Form RRRR for Step 2, Seller Response



- Seller can specify specific terms by using the RRRR form
- As with the RR, the seller's response is conditional
- Buyer must minimally remove inspection contingency (and maybe others)
- Buyer must agree to release Seller

THE TRADITIONAL WAY-ALTERNATIVE

Use Form RRRR for Step 3, Buyer Reply

- Buyer can:
 - Accept seller's changes,
 - Alter them in some small way or
 - Withdraw and start over with a new RR form
- If buyer agrees, buyer's signature removes the specified contingencies, and nothing further is needed
- If buyer makes changes to the seller's response, seller must sign below to show agreement
- If seller does not sign, there is no binding agreement



NO REQUIRED TIME TO RESPOND

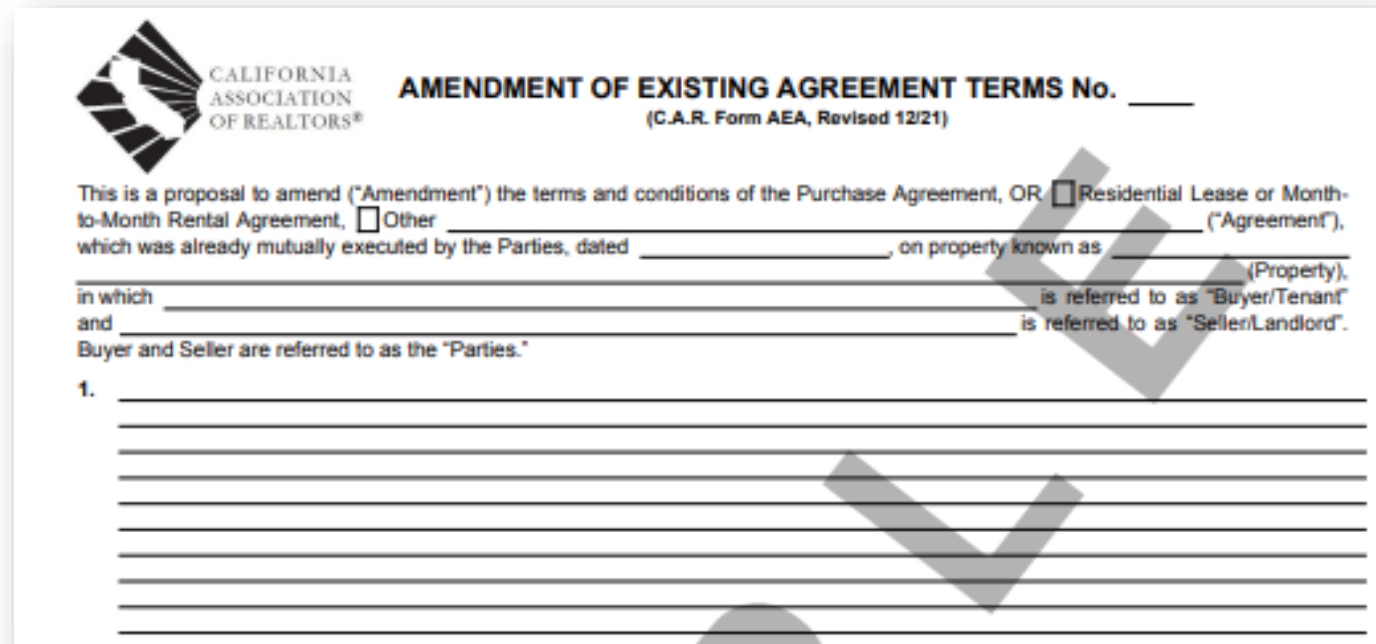
Buyer Request or Seller Response


- Neither Form RR, Form RRRR, or even Form RPA, requires a response to any requests.
- The request proposal must be signed by the expiration period, which is 3 days, unless otherwise modified.



AEA

- Amendment of Existing Agreement Terms (AEA) can be used, like an addendum, to modify the contract
- Like an addendum, the AEA is a blank form and the terms must be written



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

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1. _____

AEA

A Different Approach to Negotiating Repairs

- Unlike the RR and RRRR forms, the AEA does not have pre-printed terms.

*Terms must be written. If used to negotiate repairs, a seller will ordinarily want a buyer to remove some or all contingencies as part of the agreement similar to Form RR.

- Like the RR and RRRR forms, the AEA is an offer that expires if not timely signed.

NOTE

*Brokers or agents may have an established clause-library to make insertion of language easier.

AEA

Benefits of AEA in Negotiating Repairs

- The AEA does not have attachments such as inspection reports; it is just a bottom-line agreement
- With no inspection reports attached, it is less likely to impede the loan process for a buyer or impose additional requirements on the seller due to underwriting demand
- Since the AEA expires if not timely signed, the chance of a late signing impacting the parties is eliminated



USING AEA AFTER USING THE RR FORM

- To avoid a previously used form RR (or RRRR) from becoming part of the contract, it should be revoked or withdrawn in writing
- But revoking/withdrawing on the AEA may alert the lender to any inspection reports attached to the RR



NOTE

Buyer or seller agree that the RR form, and if applicable, the RRRR form, is hereby withdrawn and revoked.

ADDITIONAL RESOURCES

QUICK GUIDE

Negotiating After Inspection