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BUYER ADVISORY REGARDING CONTINGENCY REMOVAL

1. BUYER has reviewed, with the below-named AGENT, the C.A.R. Residential Purchase Agreement, form RPA-CA. AGENT has drawn BUYER’s attention to, among other issues, paragraph 14, “TIME PERIODS; REMOVAL OF CONTINGENCIES; CANCELLATION RIGHTS”.
2. BUYER understands that BUYER’s contingencies are not removed until and unless BUYER removes them, in writing, and that writing is received by the SELLER or SELLER’s AGENT. Therefore, various provisions in the Purchase Agreement, including paragraph 14B, establishes timeframes for the BUYER to remove a contingency or cancel the Agreement, however, BUYER is not legally required to remove any contingency. The removal of a contingency by BUYER is a choice, not a duty. Until and unless the BUYER removes a contingency in writing, that contingency continues in effect, indefinitely, pursuant to paragraph 14C(2).
3. However, you, as BUYER, must understand that the SELLER may cancel this transaction, if pursuant to paragraph 14C(1) and (4), the SELLER delivers, to you or AGENT, a signed NOTICE TO BUYER TO PERFORM (such as C.A.R. form NBP) requiring that BUYER remove one or more contingencies as early as two (2) days prior to the expiration of the contingency timeframe. If BUYER does not then comply within the time specified in paragraph 14C(4) to deliver a written removal of the contingency(ies), then the SELLER has the right to demand cancellation, but the SELLER must also return the BUYER’s deposit.

Therefore, BUYER understands the importance of the following points:

BUYER is risking a claim for damages from SELLER, such as the loss of the deposit, etc., once BUYER removes all contingencies in writing, but fails to close escrow.

To avoid a loss of the right to purchase the property, BUYER must keep in constant contact with AGENT, especially near the end of contingency timeframes when AGENT might receive a NOTICE TO BUYER TO PERFORM from SELLER.

There are a number of contractual obligations owed by BUYER to SELLER that also give the SELLER the right to cancel, if BUYER fails to perform after receiving a NOTICE TO BUYER TO PERFORM, such as the obligations of BUYER to deposit good funds with escrow; provide a pre-qualification letter to SELLER; provide verification of downpayment and closing costs; return statutory disclosures.

BUYER: _____

SIGNATURE: _____

DATE: _____

AGENT: _____

DATE: _____