



NON-CONTINGENT OFFER ADVISORY

(C.A.R. Form NCOA, 12/22)

1. **MARKET CONDITIONS:** Buyer has been informed, and is aware, that market conditions are cyclical and change over time. In a competitive or “hot” market with limited inventory, Buyers will sometimes consider making “non-contingent” or “contingent free” offers in an attempt to convince the Seller to accept their offer instead of another's. These types of offers have no contingencies: For a physical inspection of the property; For obtaining a loan; For a minimum appraisal value; For other investigations of the property; or for other matters which are commonly included in the Residential Purchase Agreements at other times.
2. **NON-CONTINGENT OFFERS:** Most residential purchase agreements contain contingencies allowing a Buyer a specified period of time to cancel a purchase: **(i)** if the Buyer cannot obtain a loan; **(ii)** if the Buyer is dissatisfied with the property's condition after an inspection; **(iii)** if the property does not appraise at a certain value; or **(iv)** for any other contingency within the purchase agreement. To make their offers more attractive, Buyers will sometimes write offers with few or no contingencies or offer to remove contingencies within a short period of time. In a “hot” market, sellers will sometimes insist that Buyers write offers with no contingencies. While making a “contingency free” offer may give the Buyer a better chance of getting a Seller to accept their offer, there are risks in writing such an offer. Broker recommends that Buyers do not write non-contingent offers and if you do so, you are acting against Broker's advice. However, if you do write a non-contingent offer these are some of the contractual rights you may be giving up:
 - A. **LOAN CONTINGENCY:** A loan contingency allows you to cancel the contract, without penalty, if during the contingency period, you cannot obtain the loan specified in the agreement. If you give up your loan contingency, and you cannot obtain a loan, whether through your fault or the fault of your lender, and as a result, you do not or cannot purchase the property, you may legally be in default under the contract and required to pay damages or forfeit your deposit to the seller.
 - B. **APPRAISAL CONTINGENCY:** An appraisal contingency allows you to cancel the contract, without penalty, if during the contingency period, your lender's (or your own) appraiser does not believe the property is worth what you have agreed to pay for it. If you give up your appraisal contingency, and the property does not appraise at the specified price, your lender may not loan the full amount needed for the purchase or may not loan any amount at all because of a low appraisal. As a result, if you are not capable of purchasing the property, you may legally be in default under the contract and could be required to pay damages or forfeit your deposit to the Seller. The Seller is not obligated to reduce the purchase price to match the appraised value.
 - C. **INVESTIGATION CONTINGENCY:** An investigation contingency allows you to examine the property, and matters pertaining to it, such as the availability and cost of insurance. If you give up your investigation contingency, you could lose the right to cancel based on information you later discover, which is why it is important to conduct an investigation early. However, even if you make an offer without an investigation contingency or you remove that contingency, the Seller may still be obligated to disclose to you material facts about the property. In some cases, once you receive that information the law gives you an independent right to cancel for a limited period of time. Without an investigation contingency, if you disapprove of the condition of the property and as a result, you do not purchase the property, you may legally be in default under the contract and required to pay damages to, or forfeit your deposit to, the Seller.
3. **BROKER RECOMMENDATIONS:**
 - A. Broker recommends that you do not write a non-contingent offer, even if you are planning on paying all cash for the property. If you intend to write a non-contingent offer, Broker recommends that, prior to writing the offer, you: **(i)** review all available Seller reports, disclosures, information and documents; **(ii)** have an appropriate professional inspect the property (even if it is being sold “as is” in its present condition); and **(iii)** carefully assess your financial position and risk with your attorney, accountant or financial advisor.
 - B. There is inherent risk in writing a non-contingent offer. Only you, after careful consultation and deliberation with a qualified California real estate attorney, accountant, or financial advisor can decide how much risk you are willing to take. IT IS YOUR DECISION ALONE AND CANNOT BE MADE BY YOUR BROKER OR REAL ESTATE AGENT

Buyer acknowledges that Buyer has read, understands and has received a copy of this Non-Contingent Offer Advisory.

Buyer _____ Date _____
 Buyer _____ Date _____

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S **C** 525 South Virgil Avenue, Los Angeles, California 90020

